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NEWS SUMMARY

GENERAL

Thirty die in Tehran riots

At least 30 people were killed and hundreds wounded in Tehran when troops opened fire on anti-Government demonstrators.

Martial law authorities claim that some demonstrators were firing machine guns. A number of them were armed with rocks, petrol bombs and iron bars.

The clashes came amid renewed confusion over whether Prime Minister Bakhtiar would meet exiled religious leader Ayatollah Khomeini in France. The Ayatollah was reported as saying he would only meet Dr. Bakhtiar if he first resigned as prime minister. Back Page

Demo clash

Police arrested 41 people after scuffles in London between 1,000 Sinn Fein demonstrators and 150 National Front supporters. Smoke bombs were hurled during the fighting, and one policeman was taken to hospital. It was the seventh anniversary of Ulster's Bloody Sunday.

Andreotti to go

Italian Prime Minister, Guilio Andreotti is expected to resign either tomorrow or Wednesday. He will tell both Houses of Parliament that backing for his minority Christian Democrat Government has collapsed, following the withdrawal of the Communists. Page 2

Israeli bombing

At least five Israelis have been killed and more than 55 wounded by a bomb in a crowded street of Natanya, an Israeli coastal resort. Palestinian commandos have claimed responsibility.

U.S. special envoy Alfred Atherton failed to persuade Israel and Egypt to resume peace negotiations, and left for Washington. Page 2

Rockefeller dies

Nelson Rockefeller, the Republican multi-millionaire and former U.S. Vice-President, has died in New York of a heart attack at the age of 70. He was Vice-President to Gerald Ford for nearly two years, and served four terms as Governor of New York State. Obituary, Page 2

Ulster mystery

Irish police and Ulster security forces are checking claims that a dead man found in the Dublin mountains was a member of the Special Air Service. The body had been bound, gagged and apparently shot through the head.

Metric protest

The Prime Minister will today be handed a 100,000-name petition protesting at further moves to introduce metric weights and measures in line with EEC guidelines.

Envoy arrives

Chinese Vice-Premier Deng Xiaoping (Teng Hsiao-Ping) arrived in Washington yesterday to be greeted by U.S. Secretary of State Cyrus Vance and a 19-gun salute. He is the first Communist Chinese leader to visit the U.S. Back Page

IRA 'in Spain'

IRA guerrillas are helping ETA, the Basque separatist group, in its fight against the Spanish Government, according to a Madrid newspaper. The two groups are reported to have exchanged arms, men and explosives.

A star at last

A 49-year-old failed actress was overpowered aboard a jumbo jet in New York, after holding 131 passengers hostage when the aircraft left Los Angeles. A bag which she claimed contained nitro-glycerine held perfume and other belongings.

Briefly . . .

Former Labour Minister Reg Prentice was named as prospective Tory candidate for Daventry, Northants.

Two Danish engineers were killed in a cargo ship explosion 10 miles off the Hook of Holland.

Five arrested during NUJ picketing outside Nottingham Evening Post, including union's vice-president, Jake Ecclestone.

U.S. Department of Justice has recommended release from jail of bank robber Patricia Hearst.

Weekly £75,000 Premium Bond prize goes to Hammersmith holder of Bond 10PS 121442.

A climber died and his companion was injured in an avalanche on the Pennines.

BUSINESS

BNOC adds to N. Sea stake

● BRITISH National Oil Corporation is to add to its growing equity interests in the *North Sea* by buying a share in the Beatrice Field from Hunt Oil of the U.S.

The deal, likely to be announced this week, involves the sale of half of Hunt Oil's 20 per cent share in the field. Further changes could follow later this year.

Under its purchase of 10 per cent of the Beatrice Field, BNOC is expected to pick up its full share of the capital costs of development. Hunt will reserve a right to part of the profits arising from BNOC's interest. Back Page

● PROSPECTS of a lasting and successful monetary union for a united Western Europe remain as distant as ever, even if the proposed European Monetary System comes into force, Lord Robbins says. Page 4

● WEST German business confidence remained at a high level in December, despite the steel strike and slowdown in new orders, an IFO survey shows. Page 2

● NORWEGIAN Government's tight demand policies, including a wage and prices freeze, will continue to exert a dampening impact on the country's economic activity in 1979, the OECD's latest survey says. Page 2

● STERLING'S relative firmness in foreign exchange markets in spite of Britain's industrial troubles is likely to result in little change in the underlying level of official reserves in January. Page 4

● PRE-TAX profits for 1978 of the big four London clearing banks will be 15 per cent higher than the previous year, according to the average of seven forecasts by leading stockbroking firms. Page 4

● PRUDENTIAL Insurance Company, of the U.S., has disclosed that it is interested in buying the World Trade Centre, a development encompassing twin towers which are New York's tallest buildings. Page 19

● RIFTS are understood to have appeared in the attitude of the McGraw family to the $830m proposed American Express takeover bid for the McGraw-Hill publishing empire. Page 19

Ministers to meet on Kirkby

● MINISTERS will consider *later this week whether to allow the Kirkby Manufacturing* and Engineering workers' co-operative to shut down, following a report from their industrial advisers that it should not be granted financial aid of up to £6m. Back Page

● INMOS, the micro-chip company backed by the National Enterprise Board, will begin pilot production of its first devices by the end of the year, in the U.S. Page 4

● RATEPAYERS are likely to have to pay an extra 20 per cent or more for county council services in England and Wales in 1979-80, if provisional figures prepared by some County Hall treasurers become the norm. Page 4

● NATIONAL Coal Board has agreed to purchase a stake in S and A Geophysical, the seismic survey concern controlled by English China Clays, in a bid to expand its mineral development and exploration interests. Page 4

● SAAB-SCANIA, the Swedish engineering group, is planning a renewed assault on the UK bus market, dominated by Leyland Vehicles. Page 4

● REAL VALUE of savings has been halved over the past nine years, the latest researches of Antony Gibbs Financial Services show. Page 4

● STRICT CONTROL of the money supply will not prevent a rise in the rate of inflation, Mr. Gordon Pepper, of City stockbrokers, W. Greenwell and Co., says. Page 4

● TDK ELECTRONICS has achieved record sales of Y126.2bn (£317m), up 20 per cent on the previous year, and net profits up 11.4 per cent to Y12.38bn (£31m), for the financial year to November. Page 19

Strike stalemate may be broken

South-west lorry drivers agree to arbitration move

BY ALAN PIKE, LABOUR CORRESPONDENT

The negotiating stalemate in the lorry-drivers' strike broke yesterday when union leaders in the South-west agreed to settle the dispute by arbitration, and called for an immediate return to work in the region.

Road Haulage Association officials regard the move as a significant development toward a wider settlement of the dispute.

A proposal from the association to take the dispute to national level arbitration was rejected by Mr. Moss Evans, general secretary of the Transport and General Workers' Union, a fortnight ago. With the South-west now setting an example, the employers hope that other regions may make local arrangements for a settlement by arbitration.

If this proved the case, the association would launch another bid for national-level arbitration in an attempt at a single settlement across the industry, though this would be resisted by the unions.

Strike leaders and shop stewards met at the TGWU Bristol headquarters yesterday, and were told of the arbitration proposal by Mr. Ron Nethercote, regional secretary. They agreed to call off picketing and make immediate arrangements for a return to work.

The union nominee on the three-man arbitration panel will be Mr. Frank Cousins, retired general secretary of the TGWU. Mr. Geoffrey Jones, a Bristol solicitor, has been nominated by the employers, and the panel will be chaired by Mr. John Garnett, director of the Industrial Society.

Union leaders in other parts of the country were doubtful last night about the extent to which the local arbitration solution was likely to be adopted outside the South-west, where many employers have already settled individually with their drivers.

Union officials and employees agree, however, that the next few days will be crucial for the future of the strike, and that yesterday's developments in Bristol will add to the pressure on both sides to get it settled.

Individual settlements are being reached around the country between employers and their drivers. Some settlements are on the basis of the union's full £65-a-week cash claim, while others remain in line with the employers' £60 offer.

Others, such as a £64-a-week offer plus fringe benefits, which drivers working for a group of Hull companies accepted yesterday, come somewhere in between.

In Scotland delegates from 58 strike committees agreed to drop sanctions against any employer who agreed to meet

Continued on Back Page
Editorial comment Page 14

TEACHERS SEEK 35%

Local authority employers and union leaders resume pay talks tomorrow as manual workers prepared to step up industrial action and the National Union of Teachers decided to seek increases of 35 per cent. On the eve of crucial talks today between the TUC and Government on a new social contract Mr. William Rodgers called for a temporary pay and prices freeze. Back Page

Treasury seeks to keep cash limit changes to minimum

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

TREASURY MINISTERS are now trying to minimise any adjustments in cash limits on public spending in order to accommodate increases in pay above the official guidelines.

Mr. Denis Healey, the Chancellor, is thought to have taken a strong line with other ministers following an inconclusive and slightly despairing Cabinet discussion 10 days ago when there appeared to be a widespread desire to settle the various disputes quickly.

Mr. Peter Shore, the Environment Secretary, told the Cabinet then that the local authorities were considering increasing their offer to their 1.1m employees by about 2 per cent to 8.8 per cent.

This led to considerable uncertainty about how far the Government was effectively sanctioning the higher offer. Mr. Healey protested that no increases in cash limits had been approved, apart from the minor adjustment resulting from the concession to low-paid workers.

There has been extensive discussion within Whitehall and Mr. Healey has been backed by the Prime Minister, reflecting a general stiffening of ministerial will over the last week about fighting inflationary claims.

However, in practice the issue has been postponed rather than resolved. Contrary to previous intentions, ministers have decided not to fix cash limits for 1979-80 until well into next month when the pay outlook may be clearer.

This is largely because many ministers and senior officials privately concede that if public sector pay rises are well above the 5 to 7 per cent earnings guideline there will have to be at least a partial adjustment of the cash limits as councils cannot be required to offset the whole burden by rises in rates or cuts in services.

Likely approach

For obvious tactical reasons, the Treasury wants to take a tough public stance now though ministers want to ensure any eventual adjustment in cash limits does not match the rise in pay.

The likely approach was indicated by Mr. Healey in his Commons speech last Thursday when he said the Government would "not accommodate excessive wage increases in the public sector by increasing cash limits accordingly."

He said: "To some extent a reduction in the volume of public expenditure would follow automatically from the cash limits which will reflect the Government's pay guidelines when they are published in a few weeks.

"But there are bound to be some areas where that would be impossible without unacceptable disruption. For example, we cannot cut the number of people paying out social security benefits because there happens to be an increase in wages in that area.

"To the extent that reductions in volume were not brought about automatically by sticking to cash limits in the programmes concerned, they would have to be met by other cuts in public expenditure or by larger or earlier increases in the prices charged by the nationalised industries to cover their cost increases. The only other alternative is to raise taxation."

The Government allowed itself a partial way out in its original cash limits White Paper in April 1976 when it said: "If the rate of inflation were to turn out substantially higher or lower than that which has been allowed for, the Government would have to take stock of the position in the light of all the circumstances at the time."

Massey Ferguson may sell part of stake in Perkins Engine

BY JIM RUSK IN TORONTO

MASSEY-FERGUSON, the Canadian company which suffered record losses last year, may sell a minority interest in its UK-based subsidiary, Perkins Engine, the largest maker of diesel engines in Europe.

The possibility of such a sale, which would help to improve Massey-Ferguson's debt-equity ratio, was confirmed at the week-end by Mr. K. Mounfield, vice-president administration and a director of Massey.

Three options have been discussed within the company.

One is that Massey could find a partner for its Perkins plant in Canton, Ohio. The 587,000 sq. ft. plant is under used. It produced 22,000 engines last year, but without modification could turn out 75,000 a year and, with a relatively minor investment, its capcity could be raised to 100,000. The plant could be more fully used by finding a partner to provide Perkins with a market for engines.

The second possibility is the sale of a minority interest in the Brazilian operation to a local partner. The company has two engine plants and a foundry there. Falling sales resulted in a 13.8 per cent drop in Perkins' Brazilian production last year, Massey's annual report, released over the weekend, said.

The third possibility is the sale of a minority interest in the whole Perkins operation. Mr. Mounfield said that Massey had been approached by companies interested in buying such an interest. He indicated that Massey was not in a position to say which, if any, of the three options it might follow.

Perkins itself said in the UK last night that it could not comment on the possibility of any sale of a minority interest.

In the year ended October, Perkins and its associate companies built 544,700 diesel engines, 4.5 per cent fewer than a year earlier.

Perkins' own production fell to 286,700 units from 319,400 units, while production from its associates and licensees rose to 258,000 units from 251,200.

German closure

Although requirements for diesel engines for agricultural applications declined during 1978, demand for other applications, particularly industrial machinery, showed a modest growth which is expected to continue through 1979. "By 1980, stronger demand is expected for all applications," the annual report said.

The report also revealed that Perkins has completed its contract to supply Volkswagen with engines for the German motor manufacturer's diesel-powered light van and it has not found enough orders to keep its plant at Hanover, West Germany, running. The plant was closed at the end of December. In 1978, it produced 12,850 finished engines.

The report also reveals that Massey, which earlier reported a loss of U.S.$257m (£129m), a record one-year loss for any Canadian company, was able to get its long-term lenders to ease significantly the coverage requirements in its debt covenants during the year.

The relaxed restrictions in asset cover will remain in effect during the current fiscal year, tighteden somewhat in 1980, and returned to their original levels in the 1981 fiscal year.

The management report to shareholders says that the U.S. $116m in write-offs that the company took in 1978 as it slashed back employment.

Some indication of the turmoil through which Massey-Ferguson has gone can be gained by comparing the Board of directors and senior management listings between the current and the previous annual reports. Seven of the 18 current directors were not members of the Board a year ago.

The report says that 1979 will be a year of transition for the company, one during which a sound base for future profitable growth wil be established. The company expects that the beneficial effects of the cutbacks and of the management changes that were made in 1978 will start to pay off in 1979.

Export deliveries fall by a third

FINANCIAL TIMES REPORTER

EXPORT deliveries down by more than a third and factories working short time making such goods as are possible rather than those needed to meet orders: that was the picture yesterday as Britain faced another week of industrial disruption.

Progressive reduction in exports is described by the Association of British Chambers of Commerce in a letter to the Prime Minister.

In a joint statement, the Engineering Employers' Federation and the Engineering Industries' Association, representing 10,000 companies with 2.5m employees, said that short-time working was increasing.

Processed

The Chambers of Commerce say: "Overall, returns from Chambers of Commerce suggest that by the second week in January, demand for export documentation had fallen by a full third."

Their letter signed by Mr. Tom Boardman, association president, points specifically to the Heathrow Airport office of the South Bucks and East Berks Chamber. In the first three weeks of this year it processed 590 EEC certificates of origin against a normal figure of more than 900.

Many exporters were turning to air freight as an alternative to blocked docks.

Mr. Boardman finds suggestions of a new social contract "ominous." "Experience of the 1974 contract has made abundantly clear that huge increases in the social wage have had absolutely no restraining effect on the present round of pay demands."

Sample figures from eight member chambers of the association showed that the number of certificates of origin they had issued fell from 5,603 in the first three weeks of January last year to 3,946 in the first three weeks of this year.

Rapid

The fall was particularly spectacular in exports destined for the Middle East.

The Leeds, Bradford and Merseyside Chambers reported a rapid fall in demand for certificates of origin, down by a third. There was a 26 per cent drop in the issue of certificates in the second week of January in Merseyside, but a 40 per cent drop in the third week.

Details Page 5

Little backing for UK on farm prices

BY CHRISTOPHER PARKES

BRITAIN has little firm support among her EEC partners in the battle to impose a freeze on European Community farm prices.

A brief meeting of the Ministers of Agriculture in West Berlin on Friday revealed that *for all the talk in the EEC* about the need for price restraint, only the Italians and the Commission are prepared to offer any support to the British demand for a complete standstill.

Mr. John Silkin, the Agriculture Minister, remains intransigent. There was "no way," he said at the weekend, that the prices of surplus commodities would be raised in the coming price review.

He said that every 1 per cent increase in EEC farm output cost each British taxpayer an extra £1 in contributions to the Community Budget.

"It's got to stop. It's going to stop this year." He had the "overwhelming support of the people of Europe" to help him put a brake on production and spending," he claimed.

"Why should the rest of Europe have to pay for hobby farming in Germany?"

Only Sig. Giovanni Marcora, Italian Agriculture Minister, had come down clearly on his side at the West Berlin talks, Mr. Silkin admitted.

But the Italians, worried about the impact on their balance of payments of higher prices for cereals, meat and sugar, all imported from Northern Europe in large quantities, are likely to change sides if promised concessions on the prices of Mediterranean produce so vital to their own farm industry.

After the talks Mr. Finn-Olav Gundelach, the EEC Farm Commissioner, said he would go ahead with his plans to propose a freeze on prices. His ideas have yet to be blessed by the full 13-man Commission before going formally to the Ministers on February 5 and 6.

The Commission is fully aware of the *disastrous implications* for implementation of the European Monetary System if concessions on prices and import and export taxes (monetary compensatory amounts) are not made to placate the French and West Germans.

Herr Josef Ertl, the West German Minister, and M. Pierre Mehaignerie, his French counterpart, have struck a bargain between themselves which could lead to an across-the-board price rise of considerable benefit to French farmers, who are among the leading surplus-producers of the Community.

France insists that before the new monetary system can be introduced, the Nine should agree to a reduction in the monetary compensatory amounts taxes and subsidies on farm trade, plus a scheme to phase them out gradually.

Britain refuses to accept any automatic phasing out, mainly because changes without allowance for exchange rate movements could cost this country dear in higher food prices.

At present monetary compensatory amounts act mainly as import subsidies on British food.

Mr. Silkin's stand on the price freeze is particularly irritating for his colleagues because they are well aware that he does not intend it to apply in all its stringency to British farmers.

He is heading for a clash over other elements in the price review. Mr. Gundelach plans a punitive tax on dairy farmers, a more elaborate and costly version of the recent "co-responsibility levy," to curb "excess" production.

EEC considers aid for Pakistan ship order

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

THE GOVERNMENT is attempting to put together an aid and subsidy package in the hope of selling three cargo ships to Pakistan.

An application is now before the EEC Commission for permission to go ahead with the £21m deal involving three SD18 multi-purpose cargo liners from British Shipbuilders' Austin and Pickersgill yard at Sunderland.

The contract has been under negotiation since September when Mr. Mustafa Gokal, the Pakistan Shipping Minister, visited London for talks with Mrs. Judith Hart, Minister for Overseas Development.

At that time Mr. Gokal was interested in five SD14-type ships, which are slightly smaller than the SD18, but he told Mrs. Hart that he was not prepared to use overseas aid already committed for other industrial and agricultural projects in order to finance the deal.

As Pakistan is regarded as

Continued on Back Page

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OVERSEAS NEWS

Andreotti cabinet to quit after Communists withdraw

BY RUPERT CORNWELL IN ROME

SIG. GUILIO ANDREOTTI, the Italian Prime Minister, is expected to resign either tomorrow or Wednesday, thus bringing to a close his own fourth administration and his country's 40th government since the fall of Fascism.

After a cabinet meeting this morning Sig. Andreotti will make a statement in both Houses of Parliament to confirm the collapse of the majority backing his minority Christian Democrat government following the withdrawal of the powerful Communists from the five-party formula.

A debate will be held, probably tomorrow, and then the Prime Minister will hand in the resignation of his ten-month-old administration to the Italian President Sig. Sandro Pertini.

It is assumed that Sig. Andreotti will be asked to try to form a new government, but it is anything but certain that he will succeed. Negotiations will be very difficult, with the distinct possibility that all permutations will fail, leaving no alternative to early elections which few politicians want.

Soundings are already being taken among the parties. But the basic position of the Communists, demanding direct entry into government, and of the Christian Democrats, who refused this, are so far apart that it will take a particularly ingenious solution, even by Italian standards, to bridge the gap.

Among ideas being canvassed are the appointment of "technocrats" or other figures agreeable to the Communists and ministers, the inclusion in government of some of the smaller "lay" parties, or even an "institutional" government headed by Sig. Amintore Fanfani, President of the Senate, on a caretaker basis until key party congresses and the European elections have been held.

Hero's funeral for party victim

BY PAUL BETTS IN GENOA

THE ITALIAN Communist Party (PCI) and the country's labour unions gave Sig Guido Rossa—a shop steward of the Italsider state steel group and the first PCI member to be murdered by left-wing extremists—the consacration of a martyr in Genoa this weekend.

Workers from every part of the country—some claimed as many as 250,000—marched behind the hearse in pouring rain through the historic centre of this heavily industrialised port city with red banners and hurling slogans. Eearlier, they filed past the open coffin of the 44-year-old trade unionist shot dead by the Red Brigades last week and displayed in the steel plant where he worked.

Not since the kidnapping and assassination of Sig. Aldo Moro, the late Christian Democrat (CD) leader, by the same terrorist group some ten months ago had such an imposing demonstration been staged in an Italian city, although there have been at least 30 other victims of political violence in Italy last year.

Sig. Rossa was given what was tantamount to a state funeral. The President of the Republic, Sig. Sandro Pertini, was present. So were Sig. Enrico Berlinguer, the PCI Secretary General, all the leaders of the country's three main trade union confederations, Sig. Bettino Craxi, the Socialist Secretary General, and leading representatives of all the main political parties, including the Christian Democrats. Sig Rossa was also awarded the Gold Medal—Italy's equivalent to the Victoria Cross.

In a sense, it was more of a political occasion than a funeral. It was the first mass popular demonstration of the Communist Party since its decision on Friday to drop its support to the minority DC government. But it was also much more than a Communist show of strength to back their demands for direct participation in government.

The direct attack by left-wing terrorists against the Communist Party eloquently reflects the broad subversive design in act for some time in Italy against any attempt of collaboration, originally promoted by Sig. Aldo Moro, between the PCI and the DC.

Despite the latest Government crisis, all the parties have continued to affirm their willingness to find a compromise to avert the threat of an early general election at this particular stage.

But this was only one aspect of the demonstration. The other forcefully brought home the current difficulties of the PCI and the motivations that have now led to the split with the DC. The crowds in Genoa kept chanting with clenched fists even at the members of Sig. Rossa's family: "The time has come for change, the PCI must reign."

Throughout its collaboration with the DC in the parliamentary majority, the PCI leadership has increasingly come under fire from its own base.

The decision to bring down the Government and the weekend demonstration in Genoa was clearly an attempt by the PCI to recover some of the ground lost, but especially the support on the party's left.

However, the party's dilemma is still as great as ever. It has now broken with the DC but still seemingly views with reluctance and apprehension the prospect of an early electoral confrontation.

Slow Norwegian growth forecast

BY ROBERT MAUTHNER IN PARIS

THE NORWEGIAN Government's tight demand policies, including a wage and price freeze, will continue to damp down economic activity in 1979, according to the OECD's latest survey on the Norwegian economy published today.

Policies so far announced do not give room for any market expansion of domestic demand. Only a further improvement in the real foreign balance could allow an increase in gross domestic product (GDP) of about 2.5 per cent this year, compared with an estimated 3.75 per cent in 1978. Excluding oil and shipping, growth is expected to be no more than 1.25 per cent.

The trade balance should continue to improve, thanks to an expected fall in the volume of imports. However, because of higher net transfers, interest payments and lower net service revenue, the current-account deficit is likely to widen this year to $2.6bn, from $2bn in 1978.

The OECD Secretariat considers there will probably be some slippage from the price freeze adopted by the Norwegian Government, which assumes a rise in consumer prices of no more than 4 per cent for 1979, compared with 8 per cent last year. But it nevertheless believes that present policies should lead to a significant slow-down in the rise of costs and prices.

Unemployment, meanwhile, remains well below the levels in other OECD member countries. Although slower growth might lead to an increase in the number of jobseekers in 1979 to between 2.5 and 3 per cent of the labour force, compared with an average of less than 2 per cent in 1978, a large proportion of redundant labour should be absorbed by re-training schemes. As a result, unemployment could well stay below 2 per cent, on average.

Atherton fails to break deadlock

BY L. DANIEL IN TEL AVIV

MR. ALFRED ATHERTON, the U.S. special envoy to the Middle East, returned empty-handed from Cairo to Jerusalem on Saturday. After talking to Mr. Menahem Begin, the Israeli Prime Minister, and Mr. Moshe Dayan, the Foreign Minister, he left for Washington less than 24 hours later.

Egypt had apparently refused to accept the compromise worked out during a week's negotiations in Jerusalem betwen the U.S. and Israel.

Nevertheless, Mr. Begin said after Sunday's Cabinet meeting in Jerusalem that Israel and Egypt are prepared to keep on trying to reach agreement. Mr. Begin said the next round of talks might take place at a higher level, between Mr. Cyrus Vance, the U.S. Secretary of State, Dr. Mustafa Khalil, the Egyptian Prime Minister, and Mr. Dayan.

Mr. Atherton discussed two points in Cairo. The first concerned the review of security arrangements in Sinai provided for in the draft peace treaty. Israel agrees to this in principle, but is not willing to fix a date. The second point concerned Egypt's defence commitments to other Arab countries.

Meanwhile, the Marxist Democratic Front for the Liberation of Palestine has claimed responsibility for the bomb which killed two and wounded 50 at the Israeli seaside resort of Nathanya, 16 kilometres north of Tel Aviv.

Paul Martin adds from Cairo: Egypt's leaders yester- deadlock in Mr. Atherton's mediation mission, while declaring that Egypt was refusing to budge from its position.

Syria and Iraq hold unity talks

DAMASCUS — Syrian and Iraqi leaders prepared to begin top-level talks last night aimed at merging their countries into a single state and swinging the Middle East balance of power in the Arabs' favour.

The discussions between Government Ministers and military chiefs were to be led by Mr. Hafez Al-Assad, the Syrian President, and Mr. Saddam Hussein, the Iraqi Vice-President. Mr. Ahmed Hassan Al-Bakr, the Iraqi President, was said to be unable to attend because of illness.

Mr. Assad greeted Mr. Hussein personally on his arrival at Damascus airport—when protocol required only the presence of the Syrian Prime Minister. A five-day meeting was expected.

The swiftly developing alliance was born during summit talks in Baghdad last October when the two neighbours signed a charter for joint pan-Arab action to counter Egyptian-Israeli peace moves.

Their unexpected agreement apparently ended more than a decade of bitter rivalry and led to intensive discussions by joint political, military and economic committees. Western diplomats remain sceptical about prospects for a total union.

The road to Arab unity is strewn with failures—Syria is stil technically tied to Egypt and the Libyan Jamahiriyah in a federation which was established in a blaze of publicity in 1971, but which achieved little more than the adoption of a common flag.

Syrian officials, however, were adamant that new political, economic and geographical factors would ensure success for their latest venture, which would seriously disturb the regional military balance. The two countries have armed forces totalling almost half a million men, backed up by 4,500 tanks and over 700 combat aircraft. Reuter

Ihsan Hijazi reports from Beirut: The Lebanese authorities may have uncovered an Israeli intelligence network whose members are suspected of taking part in the assassination here last week of guerrilla security chief Ali Hassan Salameh (Abu Hassan).

Two foreigners, a U.S. national and a Frenchman, were arrested on Saturday over the murder. The American, Donald Stracher, and the Frenchman, Philippe Revalt, were found in possession of a number of passports of various nationalities, a statement said.

A Security Department spokesman said the two had travelled to several Middle East countries, and had visited Lebanon in the past under different identities.

Abu Hassan and four of his bodyguards were killed in an explosion which was believed to have been detonated by remote control. Press reports here said the Frenchman fitted the description of the man who had rented the boobytrapped car and who had identified himself at the rental agency as Peter Scriver, a Briton.

Abu Hassan was the head of security and chief of "special operations" at the main guerrilla group, El Fatah. The Palestine Liberation Organisation held Israel responsible for his murder. Yasser Arafat, the PLO chairman said a special hit team attached to the office of Mr. Menahem Begin, the Prime Minister, carried out the assassination.

OUT IEA TODAY

Choice in European Monetary Union

Ninth Wincott Lecture 80p

'The common currency should not be substituted suddenly but gradually. The speed and pattern of the unification process should not be determined by governments: it could and should be left to the market.'

Roland Vaubel
Visiting Professor, Erasmus University.

Institute of Economic Affairs, 2, Lord North Street, London, SW1P 3LB.

FT.2

Business confidence buoyant in W. Germany

BUSINESS confidence in West Germany remained at a high level in December, despite the steel strike and a slight slowing down in new orders, according to the latest monthly survey of companies by the IFO Institute, Adrian Dicks reports from Bonn.

The IFO survey, widely regarded as one of the most accurate indicators of the West German economy, once again reveals the majority of companies to be optimistic about the next six months.

Average order books rose to three months' work, although many companies have also announced plans to raise production. As a result of this buoyancy, the survey shows a slightly higher level of industrial prices in the next three months.

Mexico 'mistake'

Mexico will probably be forced to reduce its oil production unless it can sell the natural gas with which its vast oil reserves are mixed, according to a U.S. Library of Congress study, AP reports from Washington. Senator Edward Kennedy said the study underscores his belief that the Energy Department made a serious mistake in refusing to buy Mexican natural gas at world market prices.

President tipped

The Ruling National Liberation Front (FLN) opened a four-day congress at the weekend to name a successor to the late President Houari Boumedienne who died on December 27, AP reports from Algiers. Widely tipped as the compromise choice was Colonel Benjedid Chadli, 49, acting chief of staff of the army.

Spy captured

MILITARY intelligence agents have captured an East German spy who was working in the West German army's main supply office in Cologne, Reuter reports from Bonn. Copies of confidential military documents and special photographic equipment were reported to have been found in the spy's flat.

Guerrillas unite

THE TWO main guerrilla groups fighting in the Ethiopian province of Eritrea, the EPLF and the ELF announced yesterday they were joining forces, the Sudan News Agency (SUNA) reported, quoted by Reuter. Kenyan President Daniel Arap Moi goes to Ethiopia today for talks about military co-operation and Somali intentions in the Horn of Africa.

Polish scrutiny

POLAND has agreed to permit Western banks to monitor its economic policies as part of an effort to obtain a major new loan, according to U.S. bankers, AP reports from New York. Poland needs the loan to repay some of its $15bn debts to the West.

Sanctions inquiry

THE U.S. State Department said yesterday that it was confident a new investigation of oil firms' activities in South Africa will determine whether they are supplying Rhodesia in violation of United Nations sanctions, Reuter reports from Washington. The Treasury Department was studying ways to gain the co-operation of oil companies.

Cereals record

WORLD cereals production rose to 1.43bn tonnes in 1978, 87m tonnes above 1977's record level, according to estimates by the United Nations Food and Agriculture Organisation issued yesterday. John Edwards, Commodities Editor, reports.

Stocks of cereals are forecast to rise by 15 per cent to 203m tonnes.

Romania revalues

ROMANIA yesterday revalued its currency upwards against all Western currencies except the U.S. dollar by between 1.1 and 5.6 per cent, Reuter reports from Vienna. The rate of the Lei against East European currencies remained unchanged.

Afghan bombing

HUNDREDS of houses have been destroyed by heavy bombing by the Afghan air force in the Nuristan area of north-east Afghanistan, AP reports from Islamabad. One mosque was reported destroyed but there was no mention of casualties.

Aid to China

THE U.N. development programme, despite Soviet and Cuban misgivings, yesterday approved $15m in technical aid projects for China for 1979-81, the first such request from the Peking Government. The projects range from grassland development to language training and earthquake engineering.

Demonstrator shot

POLICE opened fire on rioters in the former French colony of Pondicherry, South India, killing one person on the sixth day of protests against a plan to merge the territory with neighbouring states, AP reports from New Delhi.

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NELSON ROCKEFELLER

The man who never wanted to be just a Vice President

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

LIKE Hubert Humphrey, who died just over a year ago, Nelson Rockefeller is being remembered here as the man who never attained the office he so desperately wanted and which he might have filled with distinction—that of President of the United States. "I never wanted to be Vice-President of anything," the former Vice-President who succumbed to a heart attack on Friday night, once said in one of his regular candid comments.

But, as with Senator Humphrey, this is an assessment which vastly understates the significance of a remarkable and often unorthodox career in Government service spanning nearly 40 years. Indeed, although the public offices he held were impressive enough—Roosevelt's Latin American expert at the State Department, Eisenhower's Under Secreteary of Health, Education and Welfare, four-term Governor of New York state, and Vice President under Gerald Ford—it was more what Rockefeller stood for, or, often mistakenly, was perceived to stand for, that left such an indelible mark on his times.

His name is the symbol of a particular brand of progressive Republican Party politics, exemplified by a strong commitment to civil and human rights and a belief in the efficacy of government. On all three occasions that he ran for his party's Presidential nomination before the 1960, 1964 and 1968 elections and again when President Ford dropped him from the ticket in 1976, he was frustrated because conservative Republicans held a deep mistrust, and in some cases outright hatred, for the positions he took.

Many of his critics, from both sides of the political fence, believed that his reputation for liberalism was unjustified. In particular, they pointed to the record of his later years as Governor of New York, especially to his handling of the Attica prison riot in 1971 when 41 inmates were killed, as proof that he had changed his spots.

But there were plenty of instances when Nelson Rockefeller stood up for his beliefs: in 1960, when the "Fifth Avenue compact" with then candidate Richard Nixon gave the Republican Party platform a more humanitarian shape: in 1964, when he endured the vilification of the Goldwater convention in San Francisco to argue the cause of civil rights: and again in 1972 when he vetoed a Bill that would have overturned the liberal New York abortion laws.

Nelson Rockefeller

His greatest monument as a public servant is undoubtedly his 16 years as New York's governor. Though he defeated the incumbent, Averell Harriman, on a tight money, conservative plank, he subsequently spent and borrowed freely to create what he saw as the necessary state infrastructure in highways, schools, hospitals and social services fit for what was the biggest state in the union in the latter half of the 20th century.

Nelson Rockefeller was a noteable patron, both of the arts and of rising stars (such as Henry Kissinger). Since his retirement, he had devoted much of his time to the controversial task of commercialising his own extensive private art collection through the sale of expensive reproductions. At the time of his death, his personal fortune was put at about $200m.

His death, at 70, leaves only two of the five grandsons of the late John D. Rockefeller alive — David, head of Chase Manhattan Bank, and Laurance, the noted philanthropist and conservationist. The family's political name, however, is being carried on by Nelson's nephew, Jay Rockefeller, the Democratic Governor of West Virginia.

But in the national Republican Party, now consumed with debate by various shades of conservatives, there seems no-one fit and willing to carry the banner of the Rockefeller tradition.

Prayers, not politics, Pope tells priests

BY WILLIAM CHISLETT IN MEXICO

POPE JOHN PAUL II has criticised progressive clergymen for "substituting actions for prayers" and adopting positions over social and political issues. After inaugurating the Latin American Bishops' Conference, the Pope told a group of priests and nuns in separate meetings that they were servants of God, not social or political leaders.

His remarks were the clearest sign so far of the course which the conference is likely to adopt over political and social problems. A small but vociferous wing in the Latin American Church is in favour of greater opposition to repressive military regimes. The Pope appears to be aligning himself with the predominant conservative wing, which believes that the church is becoming too involved in radical politics.

Inaugurating the Bishops Conference in the basilica of Our Lady of Guadalupe in Mexico City, the Pope said that the church needed to take a "correct and necessary step forward" from the last conference in 1968.

To the disappointment of the progressive wing of the church, the Pope did not devote much time in his sermon to the miserable political and economic situation in many Latin American countries.

GENERAL MEETING OF SHAREHOLDERS CANCELLED

Based on notices of participation in the General Meeting of shareholders it is clear that the Board of Directors' proposal is supported by a majority but that no qualified two-thirds majority of the shares that would be represented at the meeting can be expected.

The Board has therefore decided to cancel the meeting.

The Board will in the near future submit proposals for an increase of the company's risk capital.

Gothenburg, 26th January, 1979.

VOLVO

LOCAL AUTHORITY BOND TABLE

Authority (telephone number in parentheses)	Annual gross interest	Interest payable	Minimum sum	Life of bond
	%		£	Year
Barnsley Metro. (0226 203232)	12	½-year	250	3-7
Burnley (0282 25011)	12¼	½-year	500	5-7
Exeter (0392 77888)	12¼	½-year	500	6-7
Knowsley (051 548 8555)	12¼	½-year	1,000	6-10
Horsham (0403 64191)	12¼	½-year	1,000	5-7
Horsham (0403 64191)	12¼	1-year	1,000	8-10
Poole (02013 5151)	11¼	½-year	500	2-3
Poole (02013 5151)	12¼	1-year	500	5
Poole (02013 5151)	12¼	½-year	500	6-7
Reading (0734 55911)	12¼	½-year	1,000	5-7
Redbridge (01-478 3020)	12	½-year	500	4
Salford (061 794 4711)	12¼	½-year	1,000	4-7
Sefton (051 922 4040)	12¼	½-year	2,000	4-6
Sefton (051 922 4040)	12¼	½-year	2,000	8-10
Wrekin (0952 505051)	12¼	½-year	500	5-10

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Magirus Deutz
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LEGAL NOTICES

No. 00189 of 1979

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of RAIDSILK LIMITED and in the Matter of THE COMPANIES ACT, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 19th day of January, 1979, presented to the said Court by C. BREWER & SONS LIMITED whose registered office is situate at Albany House, Ashford Road, Eastbourne, Sussex, Paint and Builders Merchants, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 19th day of February, 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose: and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BRABY & WALLER,
2/3, Hind Court,
Fleet Street,
London EC4A 3DS.
Ref: F/TTH. Tel: 01-583 8511.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 16th day of February, 1979.

No. 00188 of 1979

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of LASSMAN AUTOMOBILE ENGINEERS LIMITED and in the Matter of THE COMPANIES ACT, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-named Company by the High Court of Justice was on the 19th day of January, 1979, presented to the said Court by HENLYS LIMITED whose registered office is situate at Henly House, 385/387, Euston Road, London, N.W.1, Motor Dealers and Distributors, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 19th day of February, 1979, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing, in person or by his counsel, for that purpose: and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BRABY & WALLER,
2/3, Hind Court,
Fleet Street,
London EC4A 3DS.
Ref: F/TTH. Tel: 01-583 8511.
Solicitors for the Petitioner.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm the name and address of the firm and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 16th day of February, 1979.

IN THE MATTER OF THE COMPANIES ACTS, 1948 to 1976 AND IN THE MATTER OF WILLIAMS HARVEY & CO. LTD. (In Liquidation)

NOTICE IS HEREBY GIVEN pursuant to Section 299 of the Companies Act 1948, that a General Meeting of the Members of the above-named Company will be held at the offices of W. H. Cork, Gully & Co. Chartered Accountants of Guildhall House, 81/87, Gresham Street, London, EC2V 7DS, on Tuesday, the 30th day of January 1979, at 12.30 p.m. for the purpose of receiving an account of the Liquidator's Acts and Dealings and of the conduct of the Winding-Up to date.

Dated this 8th day of January, 1979.

K. R. CORK, Liquidator.

COMPANY NOTICES

U.K./U.S.A. GULF WESTBOUND RATE AGREEMENT
FMC RATE AGREEMENT No. 8770

NOTICE TO SHIPPERS AND CONSIGNEES CURRENCY ADJUSTMENT FACTOR FIRST ADJUSTMENT

The member lines of the U.K./U.S.A. Gulf Westbound Rate Agreement operating services from Great Britain, Northern Ireland and the Republic of Ireland to the Gulf of Mexico ports in the U.S.A. wish to advise shippers and consignees that as a result of a continued decline in the value of tariff currency, i.e. U.S. dollar in relation to the pound sterling, it will be necessary to effect an upward revision in the currency adjustment factor applicable on ocean rates and charges covered by the Ocean Freight Tariff of this Agreement. Consequently, with effect from 27th February 1979, the current level of surcharge will be increased to 7 per cent.

Any further information may be obtained from any of the undernoted member lines or their agents.

ATLANTIC CARGO SERVICES A.B.
COMBI LINE
THOS. AND JAS. HARRISON LTD.
LYKES BROS. S.S. CO. INC.
SEA-LAND SERVICE INC.
U.K./U.S.A. GULF WESTBOUND RATE AGREEMENT.

Cunard Building, Liverpool L3 1DS.
January 1979.

PUBLIC NOTICES

LONDON BOROUGH OF CAMDEN VARIABLE RATE REDEEMABLE STOCK 1983

For the six months from 27th January, 1979 to 27th July, 1979 the interest rate on the above Stock will be [illegible] per annum.

I. CLIFTON & SONS Limited

Smallford Works, Smallford Lane, St. Albans

Would any customer of the above named Company (now part of the Austin Hall Group) who purchased Expandable/Classroom buildings over the period 1st June, 1970, to 31st December, 1971, please contact the following as soon as possible.

Mr. J. H. Key,
Austin Hall Limited,
Grosvenor Works,
Leeds Road,
Huddersfield HD2 1YR

هكذا من الأصل

WORLD TRADE NEWS

Year's delay but more cash for Ursus tractor plant

BY CHRISTOPHER BOBINSKI IN WARSAW

THE POLISH authorities have made drastic changes in production plans and are to increase investment outlays at the Ursus tractor plant near Warsaw. The plant is being revitalised with the help of Massey Ferguson Perkins at a cost of over $600m.

Government decisions taken earlier this month and approved by the Communist Party Politburo last week mean that there will be a year's delay in bringing production of tractors built under licence from Massey Ferguson on stream at Ursus.

The project was signed in September 1974 and foresees sales of a part of the plant's output through the Massey Ferguson distribution network. Work at the project has now reached the half way stage.

This year's production figure for tractors produced under M-F licence was fixed in March 1977 at 32,000 but according to the Polish Ministry of Heavy and Agricultural Machinery this target has now been re-set at "at least 3,000." An unspecified number of spare parts for Massey Ferguson are also to be produced this year. This means that the final production figure of 75,000 tractors built under licence will not be reached before 1982 with production of around 30,000 units now planned for 1980 and 55,000 for 1981.

Production of the present range of Ursus tractors will be run down from the present annual production figure of 60,000 to 40,000 in 1982 leaving a total annual output of 115,000 tractors (including M-F models) in that year. Massey Ferguson Perkins' 30HP and 38HP tractors were assembled on a training assembly line in 1978 from sub assemblies imported from the UK with 13 per cent of the parts made in Poland.

The Polish authorities have also underlined the project's top priority status which should strengthen the Ministry's hand in competing for materials which are at present in short supply. The Government has further agreed to the Ministry's request that additional resources over the amount assigned to the project in the 1979 plan approved last month be spent on construction work at the Ursus factory. This, the Ministry says, should allow machinery and equipment already delivered and the $90m or so worth of plant due to arrive this year to be installed.

Over Zlotys 10bn are to be spent on the Ursus project this year and around Zlotys 7bn ($210m at the official rate of exchange) of that are to go on purchases of equipment in the West. From 40 to 50 per cent of the orders, the Ministry says, are to be placed in the UK.

UK takes own line on EEC textile accord

By Rhys David

BRITAIN is taking an independent line in the controversy on outward processing in an agreement on textile imports recently negotiated by the EEC Commission with Portugal in Lisbon.

The three-year agreement allows Portugal further growth in its exports of certain sensitive products during 1979, but brings in tighter restrictions in 1980-81, which will put Portugal on the same basis as other leading low-cost exporters.

The EEC members, apart from Britain, are allowing Portugal seperate quotas for outward processed goods—fabrics exported from one country to another for conversion into garments and subsequent re-import.

This practice has been growing in the richer EEC countries, such as West Germany, where high wage costs have begun to make such labour-intensive businesses as clothing manufacture uneconomic. Satellite operations have, as a result, been developed in Yugoslavia, East Germany and elsewhere to turn West German-made fabrics into garments.

UK companies have also been developing outward processing arrangements in several countries, including Portugal, but the procedure has been strongly attacked in recent months by textile trade unions, which fear that jobs will be lost in the clothing industry.

S. Korea boosts output of key export industries

SEOUL — The South Korean Government has designated 10 strategic export industries whose present production capacities will be increased about three-fold on average by 1986, Commerce Industry Ministry officials said.

South Korea would then emerge as the world's number one textile exporter with $10bn worth of annual exports, compared with last year's $4bn, and number five in ceramics with $500m of exports against $61m in 1978, they said. The country's cement production capacity would be sixth largest in the world in 1986 with 40m tonnes annually against the present 16m tonnes, they added.

Present motor production capacity of 200,000 units will be expanded to 2m units a year by 1986, ranking ninth in the world. Reuter

World Economic Indicators

TRADE STATISTICS

		Dec. '78	Nov. '78	Oct. '78	Dec. '77
UK £bn	Exports	3.154	3.056	3.097	2.779
	Imports	3.028	3.242	2.997	2.050
	Balance	+0.126	−0.186	+0.100	−0.071
France Frs bn	Exports	30.543	31.857	31.484	28.366
	Imports	31.414	31.533	30.763	27.056
	Balance	−0.871	+0.324	+0.721	+1.310
		Dec. '78	Nov. '78	Oct. '78	Dec. '77
W Germany DM bn	Exports	25.040	25.395	26.670	25.435
	Imports	21.200	21.843	21.858	21.214
	Balance	+3.840	+3.552	+4.812	+4.221
		Nov. '78	Oct. '78	Sept. '78	Nov '77
U.S. $bn	Exports	13.261	13.010	13.400	9.304
	Imports	15.207	15.140	15.100	11.386
	Balance	−1.946	−2.130	−1.700	−2.082
Italy Lira bn	Exports	4.601	4.450	3.682	3.518
	Imports	4.372	4.215	3.753	3.265
	Balance	+229	+235	−71	+253
		Oct. '78	Sept. '78	Aug. '78	Oct. '77
Japan $bn	Exports	8.516	8.906	8.070	7.028
	Imports	6.981	6.813	6.820	5.813
	Balance	+1.535	+2.093	+1.250	+1.215
		Sept. '78	Aug. '78	July '78	Sept. '77
Holland Fls bn	Exports	9.407	8.226	7.986	8.976
	Imports	9.653	9.102	8.829	9.301
	Balance	−0.246	−0.876	−0.843	−0.325
Belgium BFrs bn	Exports	120.048	94.337	105.254	123.609
	Imports	120.720	119.226	106.610	121.747
	Balance	−0.672	−24.889	−1.356	+1.862

Key support for Geneva agreements

By David Buchan in Washington

A KEY farm lobby has swung its support behind the trade agreements negotiated by the Carter Administration in Geneva, thereby enhancing the chances for approval in Congress.

The American Farm Bureau (AFB), one of the big three U.S. farmers' groups, announced its backing last week at a two-day conference called by the U.S. Chamber of Commerce, which was told by Mr. Robert Strauss, the President's top trade negotiator, that the Geneva accords would lower barriers on $3bn a year of U.S. farm exports. This included concessions covering up to $1.5bn of exports to Japan and $700m to the European Community.

Enlisting the support of the AFB is politically important because the Bureau draws much of its membership from the largely Republican mid-west part of the country.

At the same time, prospects for a smaller U.S. trade deficit this year should help stem protectionist pressures, Mr. Strauss's officials feel.

The major irritant continues to be the huge trade shortfall with Japan—$12bn in 1978—and while Mr. Strauss last week told Senators that exports to Japan now appeared to be picking up, he also made it clear the Carter administration had little objection to Congress "keeping the heat on" the Tokyo Government, by studying possible unilateral measures on Japanese imports.

Though the U.S. and the EEC are still in dispute on paper and chemical tariffs, U.S. officials regard the lack of any broad understanding between the Community countries and Japan on industrial trade as the most serious omission.

Trinidad pact may bring UK £100m orders

By Michael Cassell

AN AGREEMENT between the Governments of Trinidad and Tobago and the UK on a series of construction projects could bring £100m worth of business to British companies over the next few years.

Mr. John Smith, Secretary for Trade, said that a memorandum of understanding between the two Governments had been signed and would provide a framework for establishing UK participation in a number of important construction projects.

The UK has been invited to undertake a major housing project at Trincity, as well as the construction of a new hall of justice, a library complex, financial centre and Government printing works.

ANGLO-MEXICAN TRADE

Oil wealth provides new impetus

BY HUGH O'SHAUGHNESSY

"WHAT WE want to do is persuade exporters in Britain, particularly the big exporters, to raise Mexico quite a few notches on their list of priorities. I think we're beginning to succeed."

The senior official in Whitehall was confident that British trade relations with Mexico were heading for the breakthrough that has so often eluded Britain with its relations with other countries of Latin America over the past few years. Mexico's new found oil wealth would be the key.

Figures for last year showed British sales to Mexico of £108.6m and purchases of £41.6m as against £79m and £40.8m for 1977. If some big deals that the official and Dr. J. Dickson Mabon, the Secretary of State for Energy, are hinting at come off then these totals could be pushed up very considerably.

For the last few years Anglo-Mexican trade has bumped along unspectacularly with Mexico shipping a variety of goods from silver to strawberries direct and selling through brokers in the U.S. a fair amount of cotton which does not appear in the Anglo-Mexican statistics. B[illegible] has been supplying machinery and other manufactures.

New Mexico's big new income from oil could change everything as the state oil company PEMEX pushes towards 3m or 4m barrels a day. Mexico, a country of approaching 70m., which is already partially industrialised and which has a fair supply of trained managers and administrators, is in an ideal position to make the most of its new wealth without suffering the bouts of financial indigestion that less advanced countries such as Iran, Nigeria or the Gulf emirates have been experiencing.

In addition President José López Portillo, who is expected to visit London towards the end of the year, has warned that he will not allow his country to make any more money out of oil than can expeditiously be absorbed into the country. In the face of Washington's euphoria that its neighbour has suddenly found so much oil at a time when the situation in the Middle East is going from bad to worse, López Portillo has reminded the U.S. Government that Mexico's resources are for Mexico's benefit rather than U.S. convenience.

In this situation Britain has some strong cards to play. Like Mexico, Britain is a major oil exporter outside OPEC and shares Mexico's desire to make the most of its natural resources. Despite the fact that Britain severed relations with Mexico for a few years in 1938—when the Mexican Government nationalised the Shell interest—there are today few rancourous memories and fewer political problems between London and Mexico City.

A number of senior Government figures in Mexico have studied in Britain and understand British strengths and weaknesses. Above all the Mexicans feel they can have a more relaxed relationship with a European country than their giant northern neighbour who always seems to be breathing down their necks. The Anglo-Mexican political relationship has been kept troublefree by 3½ years of unspectacular but effective work by Ted Rowlands, FCO junior Minister with responsibility for Latin America.

In November, in one of the biggest industrial fairs this country has ever mounted, Britain staged a show of its latest technology in the Mexican capital. For months big British companies, BNOC, British Shipbuilding, GEC, and many others have been talking major contracts and possible joint ventures. The big projects which British companies have helped to put together in Mexico such as by British Steel and Davy United in the steel-making sector have been well built and Britain's engineering reputation is on the whole good.

Britain's position as an oil producer deprives it of one big card that other countries are trying to play. Both Japan and France are seeking to buy large and assured quantities of Mexican oil and to use their position as buyers to persuade the Mexicans to agree to take Japanese and French goods in larger quantities as counterpart.

The Mexicans however have indicated that they do not see international trade as a barter process and have said that they intend to buy their imports from the buyer who offers the most advantageous terms, whether he buys Mexican oil or not. The Mexican Government, unlike the governments of other Third World countries, is sufficiently well endowed with negotiators to be able to make the most of its position in any international trade negotiations.

The great size and scope of some of the schemes that British and Mexican businessmen are discussing, ranging as they do from the enrichment by Britain of Mexican uranium to the possible construction by British Shipbuilders of shipyards on Mexico's Pacific coast, mean that negotiations will be long and complicated. There are hopes however that some concrete plans will be ready for signature by the time President López Portillo arrives in London later this year.

Meanwhile having rested up after his own visit to Japan and China at the end of last year the Mexican leader is hard at work receiving the stream of visitors who are beating a path to his door, one day the Pope, next President Carter, then M. Giscard d'Estaing. The protocal department of the Mexican Foreign Ministry was never harder worked: Mexico has never been courted harder.

SHIPPING REPORT

Iran troubles continue to affect oil trade

BY IAN HARGREAVES, SHIPPING CORRESPONDENT

OIL TRADES outside the Middle East continued buoyant last week as a result of the supply problems in Iran, but in most other sectors shipping freights had a dull week.

The slightly declining trend in most of the markets this year makes this a different but interesting time to consider longer term forecasts of recovery.

Last week Mr. Gordon Bayley's annual tanker review was speaking confidently of recovery for most classes of oil tanker by 1981-82.

Much the same general conclusion is reached in another trusted annual report, that of Terminal operators. This examines seaborne trade overall and concludes that by 1981 the supply of cargoes measured in tonne-miles will be equal to the supply of ship capacity.

The report assumes world seaborne trade growth of 6 per cent per annum in 1979 and 1980, with the increase slightly greater for tankers than for dry bulk and general cargo movements. This forecast, the report acknowledges, depends upon successful avoidance of any economic deceleration this year.

Terminal Operator modifies the simple extrapolations of supply and demand by feeding into its calculations assumptions about improvements in the productivity of ships (less slow steaming to saving fuel and fewer part cargoes, for example). It works on the basis that productivity will return to the levels achieved in the stronger markets of 1972-73.

The authors also assume that scrapping will continue at a high level and that current efforts to produce scrap and build schemes will have some success in stimulating even higher demolition levels.

The report warns, however, that the projection of balanced supply and demand in 1981 does not presage boom conditions in that year. Shipowners, the report argues, will soon start to anticipate the improvement by ordering new ships and thus delay the recovery to some extent. Continued expansion of developing country fleets could further extend this delay. This is a cheering note for shipbuilders. Terminal Operators believes that the current rate of ordering of 13m dwt a year represents the bottom of the shipbuilding trough.

Meanwhile in the markets last week the busiest spots were the tanker loading areas outside the Gulf. A 120,000 dwt tanker took a 115,000-ton cargo in the Mediterranean for discharge in the U.S. Gulf at the impressive rate of Worldscale 105. Rates were also firm or improving in West Africa and the Caribbean.

In the grain markets, rates continued to decline slowly. Raw materials are doing slightly better with fairly stable rates for Atlantic coal business and in the ore trades.

A review of the shipping market to 1981: Terminal Operators, Rodwell House, Middlesex Street, London E1 7HJ; £65 (UK), £67 (overseas).

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Consolidated Statement of Condition, December 31, 1978

ASSETS	
Cash and Due from Banks	$ 8,087,619,000
Interest Bearing Deposits with Banks	3,679,769,000
Federal Funds Sold and Securities Purchased under Agreements to Resell	283,800,000
Investment Securities (Market Value of $2,528,660,000)	2,599,852,000
Trading Account Securities (Market Value of $118,556,000)	118,551,000
Loans	22,381,346,000
Lease Financing Receivables	1,264,002,000
Total Loans (Net of Unearned Discount of $426,009,000)	23,645,348,000
Less: Reserve for Possible Loan Losses	(196,120,000)
Net Loans	23,449,228,000
Premises and Equipment	189,716,000
Customers' Liability on Acceptances	1,464,594,000
Accrued Interest Receivable	431,019,000
Other Assets	321,701,000
Total	$40,605,849,000
LIABILITIES	
Demand Deposits	$11,921,319,000
Savings Deposits	1,384,507,000
Other Time Deposits	6,670,135,000
Deposits in Foreign Offices	12,432,919,000
Total Deposits	32,408,880,000
Federal Funds Purchased and Securities Sold under Agreements to Repurchase	1,548,515,000
Short-Term Borrowings	1,944,612,000
Acceptances	1,509,010,000
Accrued Taxes and Other Expenses	695,384,000
Other Liabilities	437,987,000
Long-Term Debt	660,415,000
Total Liabilities	39,204,803,000
SHAREHOLDERS' EQUITY	
Preferred Stock (without par value) Authorized—10,000,000 shares Outstanding—13,947 shares	697,000
Common Stock (par value $7.50) Authorized—40,000,000 shares Outstanding—32,628,755 shares	244,716,000
Surplus	424,519,000
Undivided Profits	731,114,000
Total Shareholders' Equity	1,401,046,000
Total	$40,605,849,000

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Underlying reserves level looks stable

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE RELATIVE firmness of sterling in foreign exchange markets *in spite of Britain's* industrial troubles is likely to result in little change in the underlying level of the official reserves this month.

The *overall total will anyway* be boosted by new public borrowing overseas and by an allocation of *Special Drawing* Rights, the International Monetary Fund's currency unit.

Consequently the net reserves figure, to be published on Friday, may show an increase compared with the total of $15.69bn at the end of December.

The exchange rate has fallen slightly in the past month after rising sharply in December. *However, markets have been* thin and Bank of England intervention to check the decline is believed to have been limited, mostly in the middle of the month.

O na couple of days there may have been intervention to hold down the rate.

Sterling's firmness in the face of the UK's labour troubles may have surprised the authorities although it may be partly ex*plained by the market's continu*ing doubts about the dollar and by tight domestic monetary control in the UK.

The Government has thus, so far, avoided the possible dilemma resulting from its policy of trying to maintain the *broad stability of sterling* against the currencies of the UK's main trading partners.

The Special Drawing Right allocation will add $370m to the reserves. It is the first of three equal annual allocations agreed by the IMF at its annual meeting last September to increase the liquidity of the international monetary system. Special Drawing Rights are allocated on the basis of member countries' quotas with the fund.

Inflows associated with new foreign borrowing are also *likely, notably part of the pro*ceeds of a $250m British Gas Corporation issue in New York. That is unlikely to be offset by any significant repayment of overseas debt.

Over this year as a whole, however, the UK is to repay *$2½bn of its overseas borrow*ings, apart from any payments before the due dates. The Gov*ernment* is anyway committed to a steady annual reduction in total overseas debt outstanding.

Counties likely to raise rates 20%

BY PAUL TAYLOR

RATEPAYERS are likely to have to pay an extra 20 per cent or more for county council services in England and Wales in 1979/80 if provisional figures prepared by some County Hall treasurers become the norm.

East Sussex County Council has joined Hampshire and Kent in predicting county rate increases of more than 20 per cent. East Sussex county rates are expected to increase by almost 24 per cent to 84.5p in the pound and the increase would have been even more had the council not drawn £2.5m from its balances.

Total expenditure by the county, including police, water and other special services, is ex*pected to increase by about 10* per cent to £132.1m in 1979/80, within Government estimates.

However, in common with other counties, the bulk of the expected increase in East Sussex county rates relates to changes in the amount and distribution of the Government's rate subsidy to local authorities. A reduction in the grant, together with a decision to pay part of the county's grant direct to district authorities, has added 15.5 per cent to the East Sussex rates bill.

However the overall effect *that these changes will have on* the final rate demands received remains uncertain for a number of reasons.

Mr. Peter Shore, Environment Secretary, anounced the 1979-1980 rate support grant settlement in November and said he expected rate increases to average less than 10 per cent.

Whether this target is met *mainly depends on the extent* to which the Government will be prepared to foot the bill for wage settlements in the local authority sector and the degree to which district councils pass on the benefits of their extra grants to the ratepayers.

Mr. Shore based the target figure on assumptions about the level of inflation, wage settle*ments, the degree to which* county authorities could draw on their balances and on part of the loss in county grants (causing rate increases) being matched by an increase in district grants and reduction in district rates.

Inmos micro-chip pilot plant backed by NEB

BY JOHN LLOYD

INMOS, the micro-chip company backed by the National Enterprise Board, will begin pilot production of its first devices *by the end of the year in the* U.S.

The first products will be available to U.S. customers early in 1980. It is expected that many of these will be advanced memory - storage devices.

The key executives for Inmos Corporation, U.S. division of the company, have been recruited. Dr. Richard Petriz, Inmos' president, said they were some of the top men in the industry.

Inmos Corporation has established its corporate head*quarters in Colorado Springs*, near Denver, Colorado, where it will set up research, develop*ment and pilot production plant.*

Professor Ian Barron, managing director of Inmos (UK) says that *he* has received "several hundred" applications for 50 jobs at the UK research centre in Bristol.

The Colorado Springs plant will employ 750-1,000 in the next *five years*, while the Bristol technology centre is expected to reach 500.

Much initial design will be at Colorado Springs, where research will centre particularly on development of memory devices capable of storing large *amounts of information.*

'Top-notch' team

Inmos has been careful not to disclose the precise nature of its research, but it is expected *that* its first memory devices will be of the type now known as the 64K RAM, a random access memory which can store 64,000 "bytes," or units.

The design team may try to leap over this device and to *introduce an even more* advanced product.

The Bristol centre will concentrate on micro-computer *development, expected to be a* rapidly growing market. It will work closely with Colorado Springs in these developments.

Dr. Petritz, Professor Barron and Dr. Paul Schroeder are the founders of Inmos.

The top management includes Mr. Thomas Hartmann, vice-president in charge of production, who comes from Intel; Mr. Alfred Gnadinger, director of technology, from Faselec, Switzerland; Mr. John Highley, design group manager, from Bell Laboratories; and Mr. Michael Burton, financial planning and control director, from Texas Instruments.

Dr. Petritz said that Inmos had employed three "top-noteh" designers, "but we don't want to broadcast who they are." Mr. David Wootten, from Mostek, will *be in charge of product* marketing.

Community Land Act 'a waste of time'

By Michael Cassell, Building Correspondent

THE COMMUNITY Land Act is proving "a dismal failure" and is wasting time and public money, *according to* Mr. Michael Latham, MP, former director of the House-Builders Federation.

Writing in the "National Builder," the journal of the National Federation of Building Trades Employers, Mr. Latham is especially critical of the speed with which land is turned round for resale. He claims that in the *first two financial years* of the Community Land Act, land bought in England amounted to 2,300 acres while only 170 acres had been resold.

He comments: "If that is how State trading in land is supposed to work, the mind boggles at the *shortage of suitable sites* which could arise in future."

Mr. Latham says he conducted *a similar survey a year ago* and believes the situation has deteriorated further since then.

Total local authority expenditure in the first two years, he says, amounted to $37.6m, of which £8.5m represented administrative costs. At the same time, income amounted to £5.9m. Mr. Latham says the pattern of income from dis*posals exceeding* expenditure on new acquisitions looks set to continue, and that deficits will *mount steadily*.

He points out that some English local authorities have not purchased any *land under* the Act in two years and that the scheme remains virtually unused in Scotland. Only in Wales, he claims, where the Land Authority had been acting "in a much more sensible and effective way" and achieved more than all the local councils in England and Wales put together, had the acquisition and *sale programme* been effective.

Savings value 'halved'

BY ERIC SHORT

THE REAL value of savings *has been halved over the past* nine years according to the Antony Gibbs Financial services savings index, published today.

This index compares pre-tax earnings with the gross returns from the life savings of a retired couple. Its starting date is January, 1970, with an investment of £23,986 in a port*folio* of equities, fixed-interest stocks and deposit accounts yielding £1,333 per annum, the *same as average earnings.*

The index shows that over the last nine years, average earnings before tax have soared to £4,545, just outpacing the rise in the cost of living. But the income from this investment has risen to a gross value of only £2,158. Thus the index which measures the ratio of savings to earnings has dropped *from 100 in January, 1970*, to 47.5 this month. However, the index has risen slightly from its value of 46.6 in August, 1978. But over 1978 as a whole, it fell by one point from 48.5 in January, 1978.

Brokers think bank profit increases will average 15%

BY MICHAEL LAFFERTY

THE 1978 pre-tax profits of the "Big Four" London clearing banks will be 15 per cent higher than last year. This is the average of seven forecasts by leading stockbroking firms.

Profit growth is expected to *vary considerably between indi*vidual banks. The best performance, with an average forecast increase of *27* per cent, is expected from Barclays.

National Westminster is in second place, with 15 per cent. Lloyds comes at the bottom, *with 4 per cent.*

Brokers' expectations vary greatly. Most optimistic, with a forecast of a 21 per cent increase in aggregate Big Four profits, is Laing and Cruickshank.

At the other end of the scale *is Wood Mackenzie, with a fore*cast of 11 per cent. With Laing and Cruickshank, Shepherds and Chase forecasts total clearing bank profits above £1bn.

All four of the clearers will publish preliminary statements of their results in the period between February 16 and March 9.

All the forecasts are based on *the same accounting rules as* the clearers followed in 1977. One firm, W. Greenwell, has also produced a forecast of results according to the new accounting policies recently announced by the Big Four for 1978 and subsequent accounts.

The only significant difference in expected pre-tax profits is for Barclays, where Greenwell's forecast drops from £344m to £330m.

Despite the extremes, with one exception all the forecasts are within 5 per cent of the average. The old case is National Westminster, where Laing and Cruickshank's fore*cast is almost 8 per cent higher* than the average.

Most brokers seem to expect that 1979 will show Big Four pre-tax profits up between 20 and 30 per cent.

According to Shepherds and Chase "prospects for domestic banking in 1979, particularly in the first half, remain excellent, mainly due to a further sharp *increase in average base rates.*

"This is likely to average 12 per cent or more in the first half *of 1979*, as any extension of the present industrial problems could lead to a further increase in interest rates."

This firm reckons that the only "real problem" on the immediate horizon for the clearers is that bank staffs may demand a *substantial pay increase in July.*

"This may be hard to resist, as bank staffs have fallen behind over the last three years or so, and bank profits will be 'obscene and rising'."

THE BIG FOUR BANKS BROKERS' 1978 PROFITS FORECASTS
Pre-tax Profits £m

	Total	Barclays	Lloyds	Midland	Nat./ West.
Laing & Cruickshank	1,036	358	180	217	281
Sheppards & Chase	1,020	369	180	215	265
L. Messel	981	335	174	210	262
Hoare Govett	977	330	174	211	262
W. Greenwell	972	344	166	214	248
Capel-Cure Myers	958	330	168	202	258
Wood Mackenzie	949	331	171	198	249
Average	948	341	173	209	261
% increase on 1977	+15	+27	+ 4	+ 8	+15

Prices plan attacked by CBI

By David Churchill

GOVERNMENT PLANS to strengthen the Price Commission, due to be debated by the Commons today, have been sharply criticised by the Confederation of British Industry.

In a confidential background document prepared for members, the CBI says abolition of *the safeguard regulations*—which guarantee a minimum level of profit for companies *undergoing investigation by the* Price Commission—is not justified. The document details industry's specific concern with the proposals and suggests that abolishing the safeguards would be "harmful to business confidence and hence the prospect for increased investment, more jobs and higher output."

In addition, the document suggests that Government proposals "call into question the sincerity of Government *support for the objects of the* Industrial Strategy."

The move to abolish safe*guards has particularly angered* the CBI since it was largely as a result of its lobbying that the *safeguard regulations* were brought in.

Islander aircraft group sold

By Lynton McLain

THE FORMAL contract for the takeover of the assets of Britten-Norman, the Isle of Wight aircraft company, by *Pilatus* Aircraft of Switzerland has been signed.

Britten-Norman, which makes the Islander and Trislander, *went into liquidation last year.* The receiver agreed with Pilatus in July.

Through a British subsidiary, Pilatus Britten-Norman, Pilatus will acquire the assets of the former British company, including the Bembridge factory, pro*duction equipment for the* Islander and Trislander, and all stocks and spares.

Pilatus will also acquire exclusive production and marketing rights for all Britten-Norman products and new agreements for manufacture of parts.

*Licences for building Island*ers are expected to be granted to overseas manufacturers. More than 900 of the company's aircraft are operating in 118 countries.

● Short Brothers, the State-owned Ulster aircraft company, *is seeking a licence from Piper* Aircraft, of the U.S., to manufacture the Tomahawk two-seat trainer in Belfast.

Government 'placed to defend economy'

BY OUR ECONOMICS CORRESPONDENT

THE GOVERNMENT is in a relatively good initial defensive position to face the financial and economic uncertainties produced by current inflationary pressures, according to *Dr.* David Lomax, economic adviser at National Westminster Bank.

In his monthly economic outlook, published *this morning*, Dr. Lomax notes that real short-term interest rates are as high as 5 per cent and highlights the current control on monetary growth.

But he warns: "If inflationary pressures develop as feared, the necessary monetary control would require the continuation of high real interest rates, with the risk of *crowding* the private sector out of the financial markets. Unless there were a significant change of policy regarding public spending and public sector borrowing, the economic adjustment would be forced back on to the private sector, in the form of lower demand and higher unemployment."

Dr. Lomax maintains that "it would be unwise to rule out the possibility of a number of major settlements near 20 per cent, with the likely effect of pushing inflation well into double figures during 1979.

"In this event, and given the Government's need to maintain *a firm monetary policy*, the pressure on interest rates would be upwards, real output would grow *more slowly*, and the balance of payments would not show the significant surplus expected in this year of major new North Sea oil benefits.

"Moreover, there would probably be a wide dispersion of earnings growth about the average, as employees with weaker bargaining power were unable to match the sizeable gains elsewhere."

He also discusses the Government's large overseas borrowing programme and the associated need to retain the confidence of the various markets which the UK has deliberately cultivated in recent years.

Saab-Scania plans UK buses drive

BY LISA WOOD

SAAB-SCANIA, the Swedish engineering group, plans a renewed assault on the UK bus market, which is dominated by Leyland Vehicles.

Scania-Bussar, the group's bus *subsidiary*, ended a contract with Metro-Cammell-Weyman, the Birmingham coachbuilders, *last spring and since has not* been active in the UK.

Scania and Metro-Cammell-Weymann had co-operated since the early 1970s in producing the Metro-Scania integral construction single-decker.

The body was made and fitted by Metro - Cammell - Weyman, while the engine, transmission and axles were supplied by Scania-Bussar.

A double-deck version was produced. About 800 buses were *sold to UK bus-operators by the* partnership between 1971 and early 1978, with sales reaching *160 a year at the end of that* period.

Leyland accounted for 3,734 of the 5,549 buses and coaches registered last year.

Scania-Bussar plans to sell conventional chassis, and front and rear chassis sections, for integral construction vehicles directly to other coachbuilders.

It has started discussions with W. Alexander (Coach Builders) and Sons of Scotland and with Northern Counties of Wigan.

It says that one major bus operator is interested in the 112 double-decker bus, with a chassis designed for incorporation in integral bodies.

The chassis will be launched in the UK in 1980, though the operational restructuring starts *this April.*

The after-sales and parts operation will be handled by Saab Scania's *Scania (Great Britain)* subsidiary, which has operated for more than 10 years handling sale of trucks. East year it delivered a record 1,400-plus trucks in this country.

Scania-Bussar hoped to win a "reasonable share" of the UK bus market. Initially it wants to regain the delivery figure of 160 units a year which it *achieved with Metro-Cammell-*Weyman.

Mr. Gunnar Edwall, Scania-Bussar's managing director, said: "We have every chance in the UK; not to conquer it but to give customers an alternative. It is well-known that we have a good product. Leyland is a respected competitor. We are simply providing a choice."

Texaco applies to raise petrol prices

By Kevin Done, Energy Correspondent

TEXACO HAS followed the *other major oil companies* in the UK in telling the Price Commission that it intends raising *the price of all its oil products* by 2p-3p a gallon.

The Price Commission has already been notified of impending price increases by Shell, Esso, Mobil and British Petroleum.

The price of petrol could rise rather more than prices for other oil products, with a gallon of 4-star up by about 4p to *82p-83p in urban areas.*

Coal Board buys seismic stake

Financial Times Reporter

IN A BID to expand its mineral development and exploration *interests*, the *National Coal* Board has agreed to purchase a stake in S and A Geophysical, the seismic survey concern controlled by English China Clays.

S and A Geophysical, formed by English China Clays in 1973, provides mineral exploration services for both the on-shore and off-shore mining industries, and has recently developed its interests in the Caribbean, Latin America, and the Middle East.

The concern already does *seismic surveying for the Coal* Board, which through its wholly-owned subsidiary, NCB Ancil*laries* Group, makes general and special core analysis for the off-shore oil industry and can offer computer services for processing seismic data.

NCB Ancillaries has not disclosed the size of the stake but says the deal will assist in expansion of Geophysical and its overseas business.

Air freighters from Texas

EMERY AIR FREIGHT has started *a daily air freight for*warding service from Houston direct to London. Most shipments are to companies operating in the North Sea.

Says Mr. Mike Fletcher, Emery's regional sales manager for the UK: "Traffic coming out of Houston is increasing all the time and London is proving to be a most popular destinatnion. *We have some very big custom*ers in Texas."

Further information on the Texas-London service can be obtained from Emery Air Freight, Ashford House, 41-45, Church Road, Ashford, Middlesex.

Money curbs may boost bankruptcies

BY DAVID FREUD

STRICT CONTROL of the money supply will not stop the rate of inflation rising, according to Mr. Gordon Pepper of stockbrokers W. Greenwell and Co. However, it will stop inflation accelerating out of control and, in due *course, will pull it down again,* although the chance of widespread bankruptcies will be high.

Mr. Pepper told the London Business School that simple-minded monetarists were currently suggesting that if the *money supply* were controlled strictly, price inflation would not increase.

"This argument is rubbish in the circumstance of a breakdown of an incomes policy which has caused substantial distortions to the economic system *while it was in force.*"

He went on: "What preceding and coincidental control of the money supply can do is to stop inflation from accelerating out of control. As inflation rises, economic activity slows. Inflation subsequently stops rising and *then falls as the supply of goods* and services in general, including labour, exceeds demand."

Industry will require more finance in about six months' time because of higher wage settlements, the cost of industrial disruption, profit margins being squeezed by the relative strength of sterling and an extion of price controls.

If wage settlements averaged more than 16 per cent and if the Government used only financial policy *to stop monetary* growth exceeding 12 per cent, the chance of bankruptcies *would be high.*

Essex seeks response on Canvey report

THE GOVERNMENT is being pressed by Essex County Council to make a statement over a safety report on the Canvey Island oil refinery complex.

The report, from the Health and Safety Executive was presented seven months ago. The report concluded that, provided *certain improvements* were carried out, there was no reason for asking any of the existing *installations to stop operations.*

Now Essex has asked the Government if it agrees with the report's conclusions, following the recent accident at the Gulf Oil installations at Bantry Bay, Ireland. It also wants to know whether the Government proposed to ban oil tankers not fitted with an inert gas safety system from unloading at the installation.

The county is also concerned about safety precautions at Canvey Island, especially since the *Provisional IRA* attack earlier this month. The council has asked the Government what it intends doing to improve security at the installation *which makes up a 20 per cent* of the UK's refining capacity.

If satisfactory assurances are not given by the Government, the council will ask Mr. Merlyn Rees, Secretary of State, *to meet* a deputation to discuss "their grave concern on this matter."

Lord Robbins pessimistic about EMS

BY DAVID FREUD

EVEN IF the proposed European Monetary System comes into force, the prospects of a lasting and successful monetary union for a united Western Europe remain as distant as ever, according to Lord Robbins.

In *his Introduction* to the ninth Wincott Memorial Lecture, published today by the Institute of Economic Affairs, Lord Robbins said that a common market needs common monetary arrangements.

He said: "It was doubtless recognition of the danger to the EEC which in recent months has led Mr. Roy Jenkins, the president of the European Commission, Herr Schmidt and M. Giscard d'Estaing, the leaders, respectively, of Germany and France, to call for progress to *this common* goal."

Lord Robbins says the three men knew, from practical experience, the various frictions and instabilities arising from the lack of a common policy regarding money within the community. Unfortunately their *aspirations* have not evoked general agreement.

In the lecture, delivered by Dr. Roland Vaubel of Kiel University last month, it was claimed that the proposed European Monetary System would buy exchange-rate stabilisation at the price of economic disintegration.

"The probability is that, with *national monetary policies* misaligned, there will be large movements of speculative funds, leading to large central bank interventions, abrupt parity changes and/or restrictions on capital movements or even on trade."

Dr. Vaubel's preferred solution was the gradual introduction of stable common currency. This would permit the speed and pattern of monetary unification to be determined by the needs of the market.

It would provide a common standard and store of value and means of payment at a very early stage, thereby facilitating market integration while still leaving control over national monetary policies with the member governments.

Finally, it would avoid the temporary unemployment that *would be created* by downward harmonisation of inflation rates of the national member currencies.

Choice in European Monetary Union, the Ninth Wincott Memorial Lecture by Dr. Roland Vaubel. Occasional Paper 55, The Institute of Economic Affairs, 2 Lord North Street, S.W.1. £0.80.

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8 BLOCK (400 mm) IN LINE, NON-SLIP WIRE DRAWING machine in excellent condition. 0/2,000 ft/min variable speed. 10 h.p. per block (1968).	0902 42541/2/3 Telex 336414
24in DIAMETER HORIZONTAL BULL BLOCK by Farmer Norton (1972).	0902 42541/2/3 Telex 336414
PACEMAKER SIX BLOCK (22in x 25 h.p.) variable speed Wire Drawing Machine by Marshall Richards.	0902 42541/2/3 Telex 336414
2 15 Die MS4 WIRE DRAWING MACHINES, 5,000 ft/min with spoolers by Marshall Richards.	0902 42541/2/3 Telex 336414
9 DIE 1,750 ft/min SLIP TYPE ROD DRAWING MACHINE equipped with 3 speed 200 h.p. drive 20in. Horizontal Draw Blocks 22in Vertical Collecting Block and 1,000 lb. Spooler. (Max. inlet 9 mm finishing down to 1.6 mm copper and aluminium).	0902 42541/2/3 Telex 336414
7 and 9 ROLL FLATTENING & LEVELLING MACHINES, 20in, 26in & 72 in wide.	0902 42541/2/3 Telex 336414
100 TON CAPACITY COINING PRESS by Taylor & Challen virtually unused—fully automatic 160 s.p.m. x 24 mm stroke.	0902 42541/2/3 Telex 336414
HYDRAULIC SCRAP BALING PRESS by Fielding and Platt, 85 ton main ram pressure.	0902 42541/2/3 Telex 336414
TYPE 10004R CINCINNATI PLATE SHEAR, max. capacity 1,250 mm x 25 mm M.S. Plate, complete with full range of spares.	0902 42541/2/3 Telex 336414
No. 1 FICE SHEAR, max. capacity 50 mm rounds, 75 mm x 35 mm bar, 400 mm x 10 mm flats (spare shear blades).	0902 42541/2/3 Telex 336414
CAYMAN ALLIGATOR SHEAR, max. capacity 90 mm rounds, 300 mm x 40 mm bar and 600 mm x 16 mm flats (spare shear blades).	0902 42541/2/3 Telex 336414
CINCINNATI GUILLOTINE 2,500 mm x 3 mm capacity complete with magnetic sheet supports and motorised back stops.	0902 42541/2/3 Telex 336414
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V.D.F. CENTRE LATHE 26" dia. x 14ft Spindle Bore 5¼".	01-928 3131 Telex 261771

Engineering industry fears long-term harm

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

expressed by the engineering industry about the effects of the road haulage dispute on exports and the consequent damage to their financial position.

Most of the industry exports much of its output. Regular payment is essential for cash flow.

But more and more companies find either that they cannot get their goods into the docks, or that goods are not moved from the docks.

The industry's many smaller companies, are generally less able than large concerns to wait for payment, and may have more difficulty persuading their bankers to take a tolerant view.

A joint statement yesterday from the Engineering Employers' Federation and the Engineering Industries Association, which together represent 10,000 companies and 2.5m employees, said: "The inconvenience, disruption and even hardship now being felt are not the industry's main concern. Much greater anxiety is felt about the industry's medium and long-term prospects."

Interrupted cash flows and lost markets, particularly overseas, will mean less employment less investment and in some cases bankruptcy, it says. Such effects are likely to be irreversible.

Companies covered by the Export Credits Guarantee Departments will get no help apparently, as ECGD terms do not cover non-delivery in this country.

In the home market, much of the industry's production is in components for other industries. Closures in the motor industry have started to affect suppliers. Lucas Industries and GKN expect difficulties to mount next week.

To get materials in and finished goods out, some companies are moving goods at night and at weekends.

Lay-offs at thend of last week were estimated to total only 20,000, according to the employers' federation. Short-time working is widespread, but the federation says it cannot quantify it because many employers are not sure how they stand as regards the guaranteed working week.

Lay-offs at the end of last week where companies, unable to get certain materials or components, are producing items for which they have materials, putting them into stock rather than producing against orders.

Of long-term concern to the industry is the harm being done to its export image when companies such as Volvo, fail to function properly for lack of supplies from this country. Salesmen report that overseas customers are running out of patience.

Obvious reasons

Margaret Hughes writes: Since seven-tenths of British exports, £24.8bn by value last year, are transported by sea the immediate effects of the strike on trade are obvious.

However, the long-term effects are perhaps more damaging, since the delays will inevitably revive UK exporters' past reputation for poor delivery dates: a reputation they were just beginning to lose.

Mr. John Smith, Trade Secretary, confirmed last week that delays to export deliveries are serious. However, he observed, it is impossible to quantify the disruption. Nor will a clear picture emerge when this month's trade figures are published, since in practice the export and imports total cover different periods.

Monthly trade figures are based on documentation. Import documents are usually presented more quickly than export documents, which are usually put through after shipments.

That usually results in a time lag of some two weeks compared with imports. Roughly half this month's export total will thus refer to exports shipped in December.

Perhaps the best indication of the extent of disruption is the fall in the number of applications by exporters to Chambers of Commerce for certificates of origin and the sharp rise in the number of applications for Force Majeure Certificates.

Those verify that deliveries have been delayed by strikes or other disruptions outside the exporter's control.

Certificates of origin applications fell by a quarter in the first three weeks of this month compared with the same period of December. The London Chamber has in the past two weeks received 10 applications for Force Majeure Certificates. That compares with five issued in the whole of last year.

New export business being handled by air freight companies has risen markedly. Normally that accounts for 17 per cent of total exports. Vans and small lorries are apparently being allowed through to the air terminals and cargo airlines report many cargo charter inquiries.

HOW ONE COUNCIL WORKER HOVERS NEAR THE POVERTY LINE

A non-militant joins the town hall picket

BY PAULINE CLARK, LABOUR STAFF

WHEN Mr. Patrick Chesterman, the consultant orthopaedic surgeon at Battle Hospital, Reading, turned away trade union members from his clinic last Wednesday, he might easily have picked on someone such as Mr. Joe Perry.

Mr. Perry is one of the 1.5m public service workers involved in the co-ordinated trade union campaign of industrial action over low pay.

A town hall cleaner and porter in Shoreditch, in the East End of London, he had never been on strike before last week.

"Salt of the earth, is Joe," a fellow member of the National Union of Public Employees called him. "Straight up, straight down. He's no militant, Just one of us."

Mr. Perry does not admit to any politics. He joined the union only when he took the job at the town hall.

He has wholeheartedly joined the council workers' picket line because, he says, with a wife and three children aged 12, nine and four, he is finding it increasingly difficult to make ends meet.

Moreover, he fears that if the low paid do not fight hard now for a better deal, inflationary pay settlements elsewhere will make the going even harder for those who achieve only a 5 per cent increase this year.

The examples of the water workers, who look set to reject their latest 14 per cent pay offer, and of the lorry drivers, is a burning topic on Mr. Perry's town hall picket line.

Local authority manual workers' minimum wage rates range from £43 to £51.50 for a 40-hour week. Hospital ancillary workers, also part of the public services campaign earn from £44.50 to £49.42.

Mr. Perry is among the lowest paid, with earnings hovering close to the poverty line: the amount that qualifies a person to long-term supplementary benefits, including a rent allowance.

Without overtime, he says his gross earnings, including London weighting are £49.96 for 40 hours, leaving about £42 take-home pay.

So he regularly works 50 hours a week, including evenings, and on Saturdays when he can, to raise his total take-home pay to £52, on average. With child benefits, he puts the total family income at £57.

Does he qualify for social security benefits? "I don't know. I don't hold with that sort of thing. If an able-bodied man working 50 hours a week can't support his family, he may as well give up the ghost."

The Perry family indulges in few luxuries. They have not been away on holiday for seven years and the strike has ended their hopes for a week this year in a holiday camp on the Isle of Wight.

They do not smoke, and the only drink in the house is half a bottle of sherry and a bottle of port, both left over from Christmas.

The family has one outing a week: either a trip to Mr. Perry's parents or a night in the social club on their council estate, where Mr. Perry likes a couple of beers. He never goes to the pub.

He manages to keep a car: a 12-year-old Triumph 2000 which, being a bit of a mechanic, he maintains. He believes it important to be able to take the children to the seaside occasionally and he uses it to get to work.

The other "luxury" is a telephone: the Perry's want to be able to call a doctor if the children need one.

The family television is black and white. The Perrys say that they have to watch every penny. Mr. Perry knows down to the last pound what the weekly family expenditure is, and during the winter when heating costs are high there is nothing to spare.

Rent for a council flat with three bedrooms (one a box room) is £14.90 a week. Spending on food, plus a £2.30 weekly milk bill and £2.50 a week for the two older children's school lunches, averages £20 a week. Mr. Perry eats lunch at home.

In winter, gas works out at £11.50 a week and electricity at £4.50. The telephone costs the family between £10 and £11 a quarter, mostly in rental.

Adding another £2.40 a week for petrol, the total, excluding clothes, prescription charges or anything extra, comes to £61.10 a week.

Mrs. Irene Perry, who feels that she cannot go out to work until the youngest child is a bit older, concedes that the total household expenditure is more than the total income, but says that she manages most of the time "with a bit of juggling" to avoid running into arrears on rent. Savings on heating in the summer help to make up the balance.

She is worried, however, about how the family will fare during the strike.

Mr. Perry is 47 and feels trapped. He had to leave school at 15 because his parents could not afford to keep him there. He went into shoemaking, but jobs in shoemaking factories are low paid.

It is too late for him to train for a skilled job so he sees no alternative to joining his colleagues and supporting the battle for a decent living standard in the future.

Bank staff set to fight longer hours

BY OUR LABOUR CORRESPONDENT

MEMBERS of the National Union of Bank Employees will be urged at a conference today to maintain opposition to the opening of domestic bank branches on Saturdays.

The union has called the special delegate conference in London to consider what it sees as threats by the English clearing banks to extend opening hours.

Delegates will be urged to endorse an executive policy of general opposition to the idea. The executive is arguing that there should be no agreement on extended hours or shift working until a proper negotiating structure, including national machinery, has been agreed by the clearing banks.

The executive also says there must be a "substantial premium" in pay rates, moves towards a four day week and an agreement that no employee should be compelled to work outside normal hours.

Tory trades unionists caution Thatcher

BY OUR LOBBY STAFF

CONSERVATIVE trade unionists cautioned the party leadership at the weekend against rushing into legislation to control unions. At its first meeting since Mrs. Thatcher floated her new ideas for curbing union power, the Conservative trade unionists group came out firmly against secondary picketing but warned that legislation should only be introduced as a last resort.

Like Mrs. Thatcher, the group favoured the idea of a voluntary code of conduct to clamp down on picketing by workers not directly involved in the dispute. They also supported her call for more secret ballots. But they fell out with her over the question of penalising workers who struck without having first voted in a secret ballot.

Three weeks ago, Mrs. Thatcher floated the idea of withholding social security benefits from strikers unless their action had been authorised by a secret ballot.

Mr. James Prior, Conservative Employment spokesman, asked the group some time ago whether he could use this meeting to discuss his ideas for encouraging the use of secret ballots in union elections and strike decisions. But discussions were broadened to cover all the issues raised by recent industrial disputes.

Banks expected to give strike-hit companies sympathetic treatment

BY JOHN ELLIOTT AND MICHAEL LAFFERTY

CLEARING BANKS are expected to give sympathetic consideration to the needs of companies facing cash flow problems as a result of the lorry drivers' strike.

This follows an approach last week to the Bank of England by Mr. Joel Barnett, Chief Secretary to the Treasury, after the Government's emergency ministerial committee had received reports that companies were running into problems.

Mr. Barnett asked the Bank to pass on to the clearing banks the Government's wish that short-term cash problems should be treated with special sensitivity.

The four main clearing banks have now indicated that they will go along with this.

The Government's concern about the problem was voiced in the Commons on Friday by Mr. Eric Varley, Industry Secretary. It was echoed at the Confederation of British Industry's economic situation committee whose quarterly industrial trends survey will present a gloomy report when published tomorrow.

Mr. Varley and other ministers decided to help companies through the approach to the Bank of England.

It seems unlikely, however, that the Government will use its own selective financial aid schemes to ease such short-term problems, partly because it believes that a relaxed approach by the banks should be sufficient in most cases.

So far, however, the clearers report little evidence of companies running into trouble. Most companies have agreed overdraft limits and, according to Barclays Bank, probably still have much elbow room.

A factor which could aggravate present difficulties would be a rise in Minimum Lending Rate. Barclays reports it is now lending to "blue chip" companies at a slight loss as a result of recent rises in three-month interbank rates. Nevertheless, Barclays is not forecasting a rise in base rates, though it sees little prospect of a fall for some time.

Courtaulds lays off 1,000

BY LISA WOOD

COURTAULDS stopped 80 per cent of production yesterday at its acrylic fibres plant at Grimsby. More than 1,000 workers were laid off.

The company said that though the Transport and General Workers' Union had given dispensations for raw materials to pass picket lines, distribution of finished products from the plant had been so severely restricted that storage space was exhausted.

It denied claims by unions that picketing was a scapegoat for layoffs and that the real reason was small order books which had nothing to do with the lorry drivers' strike.

Courtaulds said that if it was allowed to operate its Grimsby plant "as normal" it would be manufacturing to capacity.

Courtaulds closed another Grimsby plant, making viscose fibres, last week, and 250 workers were laid off. The company has more than 7,000 workers laid off.

It said that if picketing was not eased more workers would be dropped next week at fibre and packaging plants.

Some companies expressed a little optimism. Metal Box hoped that its food and beverage canning work would be improved next week when British Steel Corporation opened its tinplate warehouses in South Wales for an extra shift.

Dunlop, which closed its four tyre plants two weeks ago, laying off 4,700 workers, hoped that some plants would reopen next week with some of its suppliers' drivers back at work.

Once supplies are available the factories will start immediately.

Opponents at Times entrenched as ever

BY ALAN PIKE, LABOUR CORRESPONDENT

LORD THOMSON of Fleet, president of the International Thomson Organisation, will arrive in Britain this week as the shut-down at the company's Times Newspapers enters its third month.

He will find positions as entrenched as when he visited Britain from the company's Canadian headquarters soon after Times Newspapers' management suspended all publication of The Times, The Sunday Times and the three Times supplements on November 30.

No substantial attempt has been made to break the deadlock since December 15, when Mr. Albert Booth, Employment Secretary, produced a formula that would have allowed the company and unions to negotiate on all outstanding issues leading to the closure, including new disputes procedures and the introduction of computer composition.

The negotiations have never taken place because union leaders refuse to meet the company until it withdraws dismissal notices sent to more than 3,000 employees the day after the formula was agreed with Mr. Booth.

About 1,000 employees have left and notices of the remainder will expire by March 13. Another 1,100 staff, including journalists, will continue to be paid because they have signed agreements with the company.

The mass dismissals have united print union leaders in a common determination not to negotiate with Times Newspapers until the notices are withdrawn and dismissed employees reinstated. The company said yesterday, however, that its position on the dismissals remained unchanged.

Union officials privately agree that were negotiations to resume, disagreements over contracts of employment and new disputes procedures—Times Newspapers has suffered serious production losses because of unofficial strikes—might be resolved. The fundamental issue remains the introduction of computer composition.

Times Newspapers insists that arrangements for its new computer-based composing system must allow for eventual direct input from journalists and advertising staff as well as print workers in the National Graphical Association.

Amalgamation

Although common in North America, direct input from non-Association members exists in Britain only at the Nottingham Post, where the National Union of Journalists is in dispute over the dismissal of 28 of its members involved in the recent provincial journalists' strike.

Mr. Joe Wade, the Association's general secretary, said that it would be prepared to allow advertising staff to input into the composing system enough details of advertisements to enable the company to benefit from a computerised accounting system, provided that Association members remained responsible for setting the text.

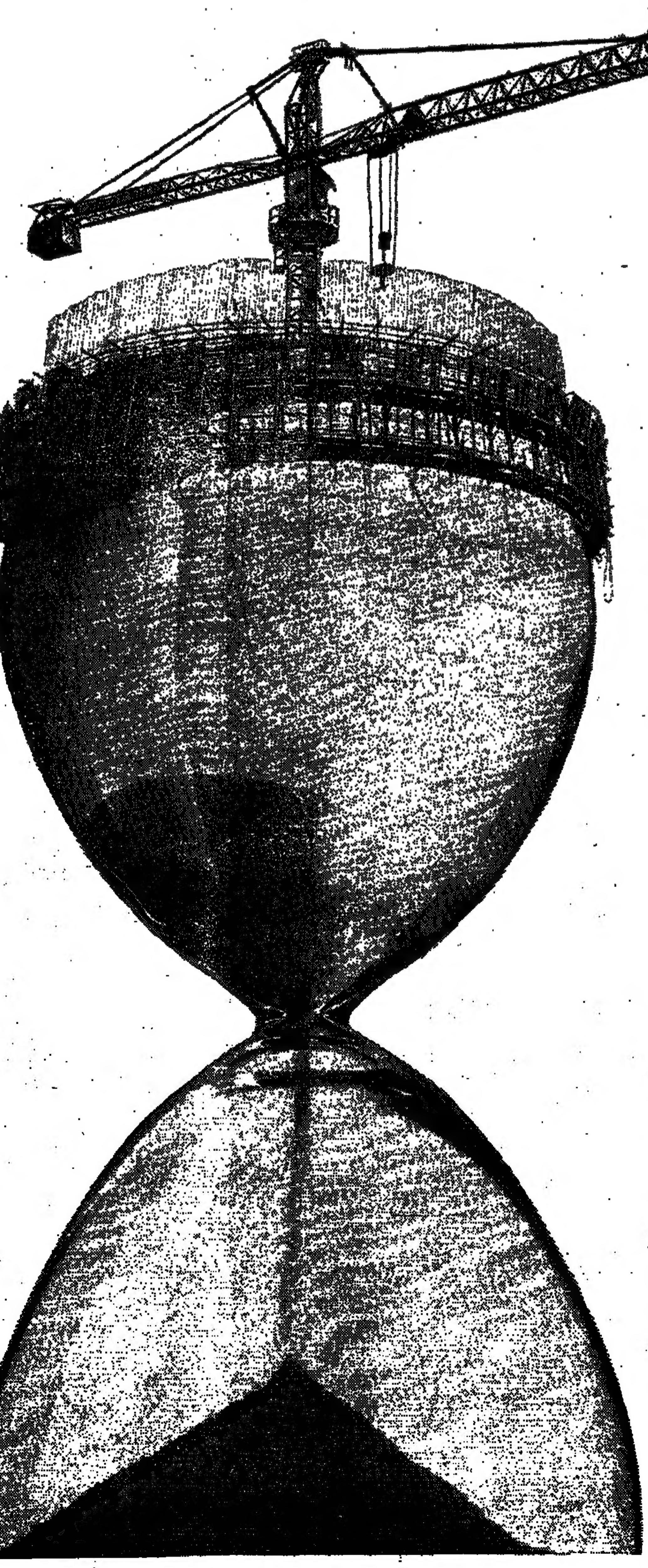
Beyond that, the Association suggests that discussion on non-NGA inputting should be shelved for an agreed period of up to five years.

It hopes that, by then, moves towards establishing one union in the printing industry may make it easier to agree.

Although a ballot this month rejected an amalgamation between the association and SLADE, the process workers' union, amalgamation talks within the industry will continue. They are likely to include the NGA and the National Society of Operative Printers, Graphical and Media Personnel, which represents tele-ad staff.

Mr. Wade accused Times Newspapers of trying to achieve "Programme for Action," a plan for the introduction of new technology in Fleet Street, which has been rejected in ballots of print union members, "through the back door."

He said: "I supported 'Programme for Action' but it was rejected by the membership and I must accept that. In my view Times Newspapers could achieve 90 per cent of what they are seeking by negotiation. But the dismissals must be lifted if negotiations are to become possible."



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Building and Civil Engineering

Townson kept busy

CONTRACTS won by William Townson and Sons, and its subsidiaries add up to over £8m.

Work in hand on several large estates devoted largely to industrial premises, and owned either by Townson Developments (Lancashire) or by a jointly owned company called Lyn Town, totals about £5m so far as actual building is concerned.

Operations are in progress in Bolton, Wythenshawe, Littleborough, Lostock, Eccles, Rochdale and Warrington.

Specialist susbidiaries are doing particularly well and Cygnet Joinery, known for its work on high quality laboratory outfitting, has taken close on £1m worth of work for some 13 clients.

Townson Housing Projects has taken awards worth about £¾m both for the Bolton Metropolitan Borough and the Anchor Housing Association as well as work to the extent of just under £¼m for the City of Liverpool.

Road work worth £6.9m

NEW MEMBER of the Norwest Holst group, Robert McGregor and Sons, has been awarded contracts totalling £6.9m.

Major contract (at £4m plus) has been awarded by the Gwynedd County Council Highways and Transportation Department, on behalf of the Welsh Office, for the construction of the Dolgellau by-pass on the Cardiff-Glas Donwy trunk road (A70).

This entails the construction of about 6km of new carriageway, a viaduct over the Afon Union (and diversion of the river), river retaining wall, two bridges, and two minor structures. Work should be completed by the end of 1980.

A job worth nearly £2½m for Derbyshire County Council, covers stage 2 of the A52 Nottingham Road diversion. This includes the construction of 2.6 km of dual 7.3 metres wide carriageways, 0.7 km of slip roads, two road bridges, two footbridges, one Armco culvert, and one sign gantry. The work will take 18 months to complete, starting next month.

Work has already started on a £487,456 contract for a section of the Warrington Northern Expressway, from the A50 to Padgate roundabout, for Cheshire County Council. The company will construct 1 km of 7.3 metres wide carriageway, a reinforced concrete subway, and a culvert.

£2m store for Laing

ABERDEEN'S sky-line will alter when a seven-storey extension to Littlewood's is completed under a £2m contract awarded to John Laing Scotland. This will be built alongside the existing store and partly within the shell of a listed building, the facade and roof being retained and incorporated in the new structure.

The new building will be of steel frame construction partly encased in concrete. It will have precast concerte floors, and brick and granite-faced block cladding.

Work here includes finishings, fittings, and the installation of services. In addition, the existing store will be extensively refurbished in phases to allow continuity of shop trading.

Three floors below ground level will be used as storage areas above which will be two sales floors, a restaurant, dining and rest rooms for staff, and offices.

Five awards to Marriott

THE RUSHDEN-based subsidiary of French Kier Holdings, Robert Marriott, has either commenced or will shortly start on five new contracts totalling about £3.58m.

Largest job is for Milton Keynes Development Corporation where 136 dwellings are to be built at a value of £1.75m.

Other housing contracts include 51 old persons dwellings for the Anchor Housing Association in Peterborough, at a value of £600,000, and 41 old persons bungalows for Northampton Development Corporation for £490,000.

The company has started work on an extension to the Horatio Myers factory at Huntingdon, valued at £290,000, and is completing a middle school for Northamptonshire County Council at a cost around £450,000.

Fairclough's £7½m jobs in East Anglia

EAST ANGLIAN division of Fairclough Building has been awarded contracts worth £4.5m, while contracts worth more than £3m have gone to the company's north western division.

A new Co-op store in Colchester town centre for the Colchester and East Essex Cooperative Society, is worth £1.6m.

New housing contract worth £1.3m, awarded by the Peterborough Development Corporation, is for 112 houses to be built at Paston.

Meanwhile, at Stoke Park Drive, Ipswich, work has begun on 68 flats under a £720,000 contract for the World of Property Housing Trust. Further work here is a £140,000 housing contract for modernising homes in Alderman Road, and building extensions costing £130,000 to Rank Hovis McDougall's Frokrum Mills in Hadleigh Road.

Other contracts in Essex include 100 homes for rebabilitation at Chingford, and warehouse premises at Sterling Industrial Estate, Dagenham.

Biggest job in Manchester is £650,000 building work for Shell UK at Oxford Road, followed by the modernisation of 141 council houses Openshaw at a cost of £620,000.

The division here will start work in March on another major housing contract for Manchester Housing Committee — the modernisation of 123 homes at Heaton Park Road Estate, Blackley.

Other contracts in this area are extensions to Salford Royal Hospital worth £350,000, and maintenance at Thomson House, Withy Grove for Thomson Newspapers.

£5m hotel in Ramsgate

WORK IS expected to start this spring on an eight-storey hotel in Ramsgate, Kent.

It is understood that detailed planning has been approved and that it will be built for Brackenhouse Investment by Wiltshires.

The hotel will have 145 bedrooms on five floors and will include conference rooms, a public restaurant, casino, coffee shop and discotheque.

Sewerage schemes

WORK FOR improving environmental conditions is worth nearly £2m to Kennedy Civil Engineering of Manchester.

Main drainage, involving 3,600 metres in open cut, is the basis of the Eastern Valley intercepting sewer, worth £1.6m, for the City of Stoke-on-Trent Environmental Services Department. Work on this job has just begun.

For Welsh National Water Development Authority, Llandudno, a £327,000 contract involves 1,300 metres of pipes in open cut, a ten metres deep reinforced concrete pumping station, two storm water outfalls, and river outfall into the River Conway. Work will start on this job on March 1.

Gleeson in a variety of jobs

FOUR MAJOR jobs just won by Gleeson add up to most of the £3.6m worth of new work the company has announced.

For Trent Regional Health Authority, the residential accommodation phase 1 of the Chesterfield District General Hospital is to be carried out at a total cost of over £1m.

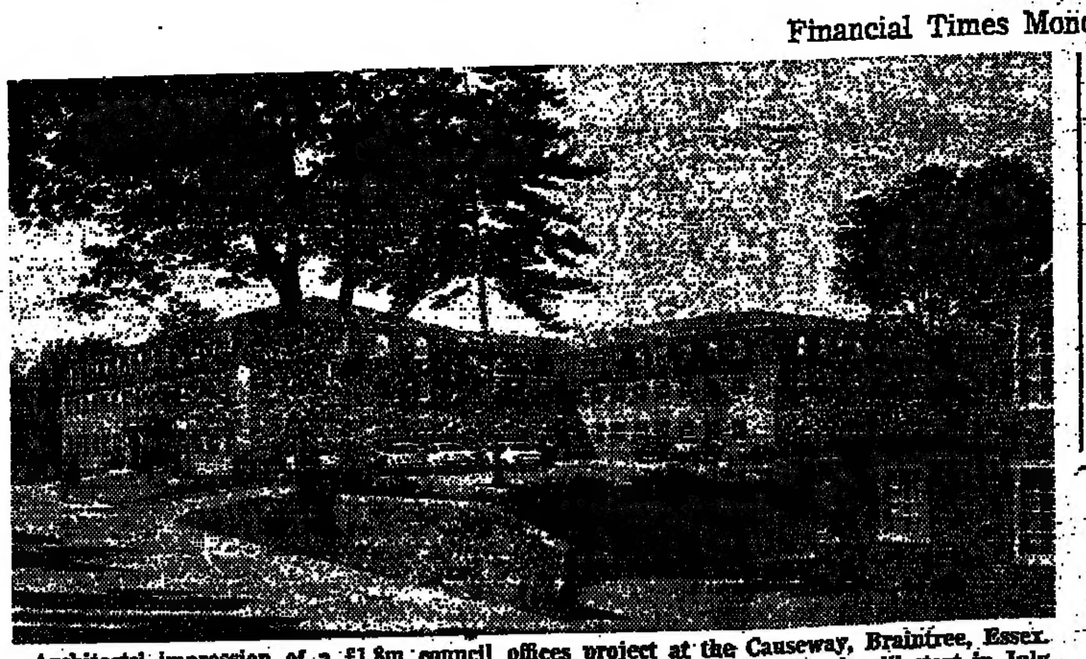
Eleven blocks of two-storey buildings of traditional construction are foreseen, together with site layout, drainage, roads, car parks and engineering services.

End of project is expected to be within two years.

Somewhat larger at £1.4m is the contract from the Welsh National Water Authority for extensions to the Queensferry works. On this project, a completion time of 92 weeks has been imposed.

For the National Coal Board, roads, bridges and culverts on the Togston, Northumberland, opencast coal site will bring in £746,000.

Finally, Rochdale housing services committee has commissioned alterations and improvements to 76 dwellings at the Hardfield Estate, Heywood, Rochdale under a £½m award.



Architects' impression of a £1.8m council offices project at the Causeway, Braintree, Essex. It is understood that Wiltshiers will be the main contractor and that work will start in July or August. Architects are Ley Colbeck & Partners.

Offices and factories

THREE CONTRACTS won by Taylor Woodrow and Myton (member of the group) have a combined total of £2.1m.

The largest contract is for £810,966 and is for work for Howard de Walden Estates, involving the conversion of existing five and six storey buildings into two self-contained modern office premises of 2,116 square metres at 13-15 Welbeck Street, London W. 1. Work has already started and is scheduled to be completed in January next year.

A contract for £778,735, for Standard Life Assurance Company, involves the provision of eight factory units and associated site development on the Central Park Estate, Staines Road, Hounslow, comprising a total of 4,000 square metres. Work has already started here, too, and is planned for completion in June this year.

Cyngor Dosbarth Dwyfor has awarded the company a £½m contract for the provision of coastal protection at Nefyn, Gwynedd, North Wales.

Homes in Lancashire

RENTED HOUSING schemes announced by the Central Lancashire Development Corporation will cost over £3½m, and will be completed between the summer and end of 1980.

Almost £2m will be spent on a site covering about 12 acres, bounded to the north and north-east by a new golf course at Ingol, Preston. This will result in 158 dwellings comprising one-bedroom flats and two-, three- and four-bedroom houses. Contract is being carried out by Wimpey using its "no fines" system of construction which will give a variety of rendered finishes to the two-storey homes.

Single people are especially catered for at the Sherwood, Fulwood, Preston development, which will provide 119 single person units and a further 20 family homes. Contractor is Sir Alfred McAlpine and Sons of Merseyside and the scheme is worth £1.4m.

The latter project is one of four Central Lancashire New Town developments for single person accommodation which will give a total of over 500 such units.

Airport facilities

MAJOR redevelopment of public catering and shopping facilities in London Heathrow Airport's Terminal 1 has now begun.

Costing over £1.15m, the improvements will provide a new self-service supermarket, two bars, a buffet, coffee shop and redesigned Aerogrill with ancillary kitchen and servicing areas.

Architects are Scott, Brownrigg and Turner and the contractor is Fairclough Building. Completion is due in 1980.

The improvements are part of a three-stage programme of reorganisation within the terminal to meet the ever-growing passenger flow. Latest traffic figures have confirmed this growth and the need for a fourth terminal for which Scott, Brownrigg and Turner have prepared designs.

BUPA's £2m hospital

REDEVELOPMENT of Whalley Range, Manchester—a British United Provident Association hospital—will be undertaken by Pochin, the Middlewich building and civil engineering group, under a £2m contract.

Formerly St. Joseph's (from a Roman Catholic order), it had been run for 73 years by nuns and was bought last year by Britain's biggest private medical insurance group.

The new four-storey building will have 89 bedrooms, three operating theatres, consulting rooms, X-ray rooms, physiotherapy and pathology facilities, and will be the first hospital development to be undertaken by BUPA outside London. It will now be known as the BUPA Hospital.

£2m office block

SIR ROBERT McALPINE and Sons have been awarded a £2m contract by Ringmoors Properties for the construction of a six-storey office block in Station Road, Wood Green, London. Completion is expected early in 1980.

Generally of reinforced concrete frame construction, with brick cladding, the new structure will measure 20 metres on plan, rising 27 metres above a basement. It will be air-conditioned and centrally heated throughout and be served by two passenger lifts.

Architects are Damond Lock Grabowski and Partners.

Also awarded to McAlpine is a £1½m contract for the levelling, grading and compacting of a massive steelworks slag bank in Brenda Road, Hartlepool for the British Steel Corporation.

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£6½m to be spent on housing

FOUR HOUSING contracts worth more than £6½m have been approved by Telford Development Corporation, Shropshire.

Work will start in March on a £2.6m programme to construct 200 dwellings in Shawbirch (the final housing site in the north-west of the new town) by Fairclough Building of Brownhills, Staffs.

March will also see the commencement of an £800,000 contract for 59 properties at Shawbirch by Second City Construction of Telford.

A total of 112 dwellings, Phase 4 of the Leegomery housing programme, will be built by Maxim Construction of Birmingham under a contract worth more than £1.5m.

The final stage of housing at Malinslee, involving 113 dwellings, comprises of a £1.6m contract awarded to Deeley Construction of Coventry.

Work in W. London

WORK IS underway on a new office building for the Electricity Supply Nominees at King Street, London W.6, under a £1.7m contract awarded to Higgs and Hill Building.

Constructed on raft foundations, the four-storey building will have a reinforced concrete frame and will be brick clad. Upon completion it will provide 30,000 square feet of office accommodation, with shop units at ground and basement level.

Further down this main Hammersmith thoroughfare, the company is building a Boots £1m superstore, to be topped out on February 8 and due for completion in September this year.

● Marconi has awarded Tilbury Construction a £700,000 contract at its subsidiary's premises (Marconi Space and Defence Systems) at Stanmore, Middx. Tilbury is already undertaking a £1½m job at this site.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● OFFSHORE INDUSTRIES

Abu Dhabi pipeline

R. J. BROWN and Associates, together with Omnium Technique des Transports par Pipelines (OTP), has been awarded a contract, which it is believed could be worth about $25m, by ZADOC (Zakum Development Company) to provide engineering, procurement and construction management services for an extensive marine pipeline network in the Upper Zakum oilfield off Abu Dhabi.

The pipelines, ranging in size from 6 to 48-inch diameter, will perform three major functions: oil gathering transmission, and offshore loading; gas recovery to a central production complex and water injection. RJBA is also responsible for three large-capacity buoy-type tanker loading terminals offshore Zirku Island.

Other work involves a considerable number of platform riser systems, and a comprehensive power and communications cable network linking the central complex with three satellite platforms.

Pipeline installation, starting with three 48-inch loading lines and a 60-kilometre 42-inch main oil line to Zirka Island, is scheduled to begin mid-1979 and should be complete by the end of 1981.

When ZADOC's development of Upper Zakum field is concluded, the pipeline network, totalling over 1,200 kilometres, is likely to represent an investment of more than $500m.

Sharing responsibility with Zadco for development of the Upper Zakum field is ADNOC (Abu Dhabi National Oil Company), and CFP (Compagnie Francaise des Petroles) which is acting as overall project manager.

R. J. Brown and Associates is an international company headquartered in Switzerland and with engineering offices in The Netherlands, Houston and Singapore. The company provides a wide range of engineering and project management services to the offshore pipeline industry.

● METALWORKING

Portable pipe lathes

BECAUSE THEY are small, light in weight, coupled with the mandrel method of location, portable pipe-lathes for bevelling, end-facing and counterboring can be applied to many awkwardly placed fixed pipe-ends in situ—for example, to the tapered nozzles of turbine casings to which plates may have to be welded for pressure-testing.

The machines are also suitable for repairing or extending plant pipework without calling in outside contractors, claims Huntingdon Fusion Techniques, 7, Clifton Road, Huntingdon Cambs. PE18 7EJ (0480-58675).

Currently, the range covers pipe inside diameters from half an inch to 30 inches and wall thicknesses up to five inches. Smaller machines come with interchangeable electric, pneumatic and hydraulic drive-units which fit over a standard splined hub; while for large diameters and thick-walled pipes, a high-power hydraulic drive is standard.

Drawing lubricants

FOUR lubricants developed by Pyrene Chemical Services are claimed to be suitable for all deep drawing and pressing operations.

Classified in two main groups—filled and unfilled— all of the lubricants can be removed by Pyrene alkaline cleaners, enabling the company to provide a lubricant/cleaner combination. The unfilled lubricants are also vapour degreasable.

All four products are said to prevent scoring of metal surfaces and "pick-up," and reduce tool wear and maintenance requirements. They also offer good temporary protection against corrosion for pressed components in storage.

All of the lubricants can be applied by swab, brush or roller, and all except one are suitable—with varying degrees of ease—for spray application. Technical advice and samples for pressing trials are available from Pyrene Chemical Services at Ridgeway, Iver, Bucks, SL0 9JJ (0753 651812).

● INSTRUMENTS

Gives exact voltage

AVAILABLE from Farnell Instruments, Sandbeck Way, Wetherby, Yorkshire LS22 4DH (0937 3541) is the model 8100 precision voltage standard made by Data Precision in the U.S.

The unit provides two simultaneous outputs. One of these is variable between zero and plus or minus 11.111 V DC in steps of 100 microvolts and is acurate to about 50 parts per SHRD CMFW SHRD SHRDLU million (ppm), while the other extends to ±111.11 millivolts with a resolution of 1 microvolt per step.

Voltages in both cases are selected by five rotary decade switches with a vernier control spanning the least significant digit.

The 11-volt output can provide a maximum current of 50 mA while the millivolt terminals can supply 50 nanoamps; both can be floated to 500 volts with respect to ground.

Linearity of the outputs is better than ±25 ppm, the temperature coefficient is less than 2 ppm per degree Centigrade, and the long-term stability is claimed to be ±15 ppm over 60 days.

Examines each line

USING A trigger and time base unit made under licence from the BBC, Gould Instruments Division has introduced a video monitoring oscilloscope of interest to all those concerned with television, teletext and Prestel.

In terms of waveforms, the instrument can be triggered to look at field one, field two, fields one and two alternating, lines at random, and a specific line selected from front panel switches associated with a line number LED display. Line pairs can also be observed.

Triggering can be delayed by up to 90 microseconds using a multiturn potentiometer, allowing the signal to be examined in detail.

When the instrument is used to display a complete television picture, the triggering point that has ben selected for waveform purposes can be seen as a bright-up line of the raster, enabling waveform to be rapidly related to picture content. The change from traces to picture is by means of a single front panel switch.

More about the OS3350, which can be used as a single time base general purpose oscilloscope if necessary, from Roebuck Road, Hainault, Essex (01-500 1000).

● DATA PROCESSING

Burroughs upgrades smaller units

BURROUGHS MACHINES, making use of the latest logic and memory chip technology, has re-organised its 1800 series of small to medium scale computers of which there are about half a dozen versions, into three compact machines.

The advantages of the new units however, in terms of both software and hardware, are all available to users of the existing machines in the range.

Machine now at the top is the 1885, which has two independent central processors sharing a common memory, the entire system being managed by one copy of the operating system (the master control program, or MCP). The company describes the computer as "unique in its price class," offering as it does over 1.5 times the performance of the most powerful 1800s currently installed together with significant on-line capability.

Indeed, all three versions are oriented towards on-line and interactive processing: data entry, program development, reporting and inquiry, data communications and data management can all be so conducted.

A minimum 1885 dual processor has about ½m bytes of main memory, 130m bytes of exchangeable disc pack, 750 line/min printer, multi-line data communications control and an operator display console. Basic price with four VDUs is £95,600 plus £280 for systems software.

Larger systems can be obtained, the top price being just under £¼m.

The mid-range unit is now the 1855, with a single processor similar to those in the 1885, selling for £71,300 plus £280 per month for software.

Entry level machine, 1815, has about a quarter of the main memory of the bigger machines, half the exchangeable disc pack storage, a 350 line/minute printer, single communications line control and the operator console. With four display units the price is £59,900 plus £110 per month for software.

Burroughs is at Heathrow House, Bath Road, Hounslow, Middlesex, TW5 9QL (01-759 6522).

Captures a mass of sea data

CONSIDERABLE flexibility in terms of scanning characteristics is offered by Sealog 16, a multichannel data logger/recorder intended for long periods of unattended operation in oceanographic and offshore survey use.

Extensive use of CMOS integrated circuits combined with a purpose-designed stepping motor tape transport enables the total power consumption to be kept down to less than one watt (120 microwatts on standby). By using a pair of tape transports slaved to a single set of recording electronics, a date capacity of more than four megabits has been achieved.

The unit multiplexes 16 single-ended analogue inputs overa voltage range of zero to plus or minus five volts. Scan interval can be varied from one to 20 hours in increments of one hour, and the scan duration can be from five minutes to one hour in increments of five minutes. The sampling rate itself is variable from eight times per second to once per minute.

Sealog 16 can operate in a temperature from −10 to +60 deg C and can be stored between −35 and +70 C. Operation is from 12 V DC and dimensions are 102 x 114 x 190 mm. More from Base Ten Systems, Unit 3, Lower Farnham Road, Aldershot, Hants. (0252 312911).

Amplifier for instrumentation

SUPPLIED AS a 24 pin dual-in-line package of either ceramic or metal construction, the 3607 instrumentation amplifier from Burr-Brown International can have its gain set to any one of 11 binary weighted values from one to 1024 volts per volt.

Gain variations are produced by wiring selected pins together; the device is a variant of the 3606 in which the gain setting is controlled by four TTL level inputs. The new device has fewer parts and costs les, but has the same analogue performance.

This monolithic amplifier, which makes use of thin film techniques and laser trimming, offers a maximum offset voltage variation of less than plus or minus 25 millivolts when a gain change is made with no external adjustments; with two simple offset adjustments the change can be limited to under 2 mV.

Among the characteristics of the device are a 10,000 megohm input impedance, non-linearity of only 0.01 per cent at maximum gain, high common mode rejection, low gain error (0.02 per cent) and a gain-temperature coefficient of only 10 ppm/deg C.

Companies analysed

COMPILED mainly from information filed at the Company Registration Offices in London and Edinburgh, the lates survey of the electronics industry from Jordan and Sons (Surveys) (01-253 3030) covers some 500 companies, ranking them by various yardsticks and listing financial and employment figures for each.

Three years' historical data is also provided so that company trends can be assessed.

At the top of the list of the 20 largest quoted companies when ranked by sales is GEC at £2.34bn, followed by Thorn Electrical, EMI, Plessey, ICL, Rank Organisation and Smiths Industries. Racal is 12th at £183m.

Listed by pre-tax profits to sales, however, Rank rises to the top with 28 per cent, followed by Racal at 27 per cent, and then Averys, B.S.R., GEC.

Similar "league tables" are given for the 20 largest private companies (Budenberg Gauge scored 20 per cent return on sales to win), and the 20 biggest foreign-owned companies (IBM United Kingdom Holdings at the top with 19 per cent).

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

● HANDLING

Pallet on wheels

A CAGE-TYPE pallet which can be stacked or used as a shop counter (when goods are loaded on it either in the store or factory warehouse) has a lever-operated retractable undercarriage fitted with fixed and swivel castors.

This adds another dimension, as the pallet can be used for materials handling in factories and also wheeled easily into the most restricted space of a lorry, train, container, aeroplane, etc., says Palletrol, 10, Commercial Street, Ystrad, Mid Glamorgan CF8 7DX (0443 813147).

● MAINTENANCE

Purifies the pool

THE GREEKS had a word for it (ozo, meaning smell) and because ozone is a very powerful bactericide and oxidising agent, it should be the strongest purifier for water treatment—necessary in many swimming pools say the Belgians.

Equipment to work with a normal filter system, based on ozone, is called Ozonator EC, and is introduced to the UK by Equiptex Europe, Notelaarweg 15, B-2850 Keerbergen, Belgium.

A must for enclosed pools, the developer claims, use of ozone will make pool water hygienic, free of harmful bacteria and bothersome algae, and remove any smell, unwanted colour and unpleasant taste—obviating the use of chlorine or other chemicals.

Pool maintenance and water treatment chores are said to be cut drastically—all that is needed is air and a few pence worth of electricity.

The unit is simply connected on the filter-to-pool return line, and ozone is produced by passing air through a generator. Part of the air's oxygen is thereby converted to ozone, and both ozone and air are then thoroughly mixed in three stages with all the water flowing through the unit. This is accomplished in the mixing tank by the company's patented procedure.

● SECURITY

Check on watchmen

CARRIED BY means of a shoulder strap and weighing only 0.8 kg (1.7 lb) the PR-500 watchman's patrol clock from Blick International provides a convenient means of recording patrol movements during a tour of duty.

Individually numbered keys are hung at calling points along the patrol route and on arrival at each point the watchman records the time simply by inserting the station key in the clock. Location, hour and minute of each visit are recorded in plain figures on paper tape which can be checked at any time to ensure that an adequate patrol pattern is being maintained.

The recorder has a quartz oscillator time reference built in which is powered by a dry battery with a life of at least six months.

More from Blick House, Techno Trading Estate, Bramble Road, Swindon, Wiltshire (0793 692401).

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● COMPONENTS

Tough axles for rough terrains

DEVELOPED particularly for the 10 to 12-ton four-wheel drive excavator market; and for the range of site placer or telescopic handler rough terrain vehicles now coming on to the market, is the 3500 series of heavy duty axles, from Hamworthy Engineering (subsidiary of Powell Duffryn), Fleets Corner, Poole, Dorset (020 13 5123).

These axles are fitted with oil-immersed, multi-plate disc brakes, which make maximum use of oil capacity available for cooling. They are claimed to be easy to service and equally suited to either hydraulic or air operation.

The 3500 series is available in both rigid and steer drive form, with or without a centre pivot. Hamworthy says it is also developing a two-speed gearbox, for either axle or remote mounting, for use in conjunction with the 3500 range.

● HEATING

Recovering energy

DESIGNED specifically for heating steam boiler feed water, by using the waste heat contained in the exit flue gases of boilers when firing on natural gas, is a range of economisers from H. Saacke, Fitzherbert Road, Farlington, Portsmouth, Hants PO6 1RX (070-18 83111).

This heat exchanger design should reduce the exit gas temperature of modern three-pass shell boilers and smaller water boilers down from 230-250 degrees C to 120-140 degrees C, resulting in fuel costs savings of 4 to 5 per cent, and typical pay-back periods of nine to 20 months.

The unit comes skid mounted and pre-insulated with metal cladding and includes isolation and by-pass valves for the feed water system, together with relief valve, fed-water drain, damp valve and casing drain.

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FINANCIAL TIMES SURVEY
Monday January 29 1979

Western Australia

Iron-ore mining has changed Australia's largest state from a sparsely-populated backwater to an exporter on the international map. Now Western Australia is looking for another boom that will sustain the momentum.

State comes of age

By Philip Bowring

THIS YEAR Western Australia celebrates the 150th anniversary of its establishment as a colony. The first boatload of colonists, and their first governor, James Stirling, arrived from Europe in June 1829 aboard the 443-ton vessel Parmelia. They settled the flat land along the banks of the Swan River a few miles from its estuary — where Perth now stands.

Taken overall, Western Australia's century and a half cannot be said to be noted for its dynamism. Even now the state's population is only 1.2m, representing under 9 per cent of Australia's population though the land area of 2.6m square kilometres makes it by far the largest state.

But such a long historical perspective is misleading. The many years of torpor hide the dramatic growth which has taken place over the past 15 years or so. That growth has put Western Australia on the international map and ended its "poor relation" status in Australia. The state has come from nowhere to be the world's largest exporter of iron ore and the principal supplier — about 45 per cent — of ore to Japan's steel industry. The state also has become a leading exporter of alumina and nickel and now looks set for another boom — this time based on gas and uranium.

Meanwhile, the state has also continued to be a significant producer of wheat, beef and sheep.

The last mining boom changed Western Australia from a backwater into the country's fastest-growing state. Now it is looking for another boom that will confirm its growth status and ensure that the economy acquires self-sustaining momentum which will not have to rely on ever more-miraculous discoveries of natural resources.

The last three to four years have been frustrating ones for Western Australia, but the economy has continued to grow faster than the national average. And perhaps more important, the state has maintained its belief in growth itself. The doubts and introspection that have affected Australia's eastern states in recent years have troubled the west only slightly. Western Australia has confidence in the self-image it acquired in the 1960s as being the state of the future: Australia's *California*.

The foremost proponent of this view is Liberal Premier Sir Charles Court, who, as Minister for Industrial Development, presided over and did much to promote the mining boom. He makes no bones about his belief in the merits of high population growth and an open house to the investment needed to sustain high growth—foreign investment in extractive industries. His view, regarded as outdated in some eastern states, seems to reflect the tenor of the west.

Demands

Conservation is now a force to be reckoned with in Western Australia, as in other parts of Australia. Fierce opposition from conservationists last year nearly stopped two big bauxite mining projects. The Labour Party opposition generally believes that the government is too accommodating to the demands of—mostly foreign—capital. But anti-growth sentiment in the West has never reached the pitch that it did in the East. And any feelings in the West that it could afford to sit back and enjoy what it already had rather than continue the pursuit of greater wealth have been eroded by the rise in unemployment which, at 6 per cent, is a little above the national average.

Currently, the trade unions are concerned to generate job-creating new investment, and the state Labour Party has learned at the polls the electoral cost of too close association with federal Labour party policies which have appeared hostile to new mineral development.

Policy is still far from bipartisan. There are differences of view on conservation, aboriginal land rights, the role of foreign capital and attitude to exports. But the state Labour leader, Ron Davies, has strongly backed export of the North-West Shelf gas deposits, and Labour took an uncertain stance on the bauxite mining battle between conservationists and the state government.

Although Western Australia gives the impression of being very open to mineral investment, it has never adopted a totally laissez-faire attitude. Sir Charles Court's policy always has been to tie the mineral developers to quite stringent obligations on mining practices, spending on infrastructure, and the like.

Each major agreement between a mining company and the state has been enshrined in a specific act of the state parliament, giving certainty of rights and obligations to both sides. And so Sir Charles has emphasised the role of the state in minerals development at the same time as he has fostered belief in development itself and the merit of profits.

The fact that Western Australia has a growth philosophy, an investment - oriented state government, and an abundance of minerals waiting to be developed, does not guarantee that development will take place. We may now be witnessing the prelude to a new great leap forward, another boom like those in iron ore and nickel in the 1960s, this time based on the world vogue of the moment —energy. In Western Australia's case that means gas and uranium.

However, it is also possible that we are seeing the Indian summer of the last boom. New nickel production—the Agnew mine—is now under way and there are firm development commitments in alumina production and iron ore beneficiation. But there is no definite major project to report yet in the new minerals—hydrocarbons, uranium and, most recently, diamonds.

Western Australia has discovered in the past—though it may have forgotten—that the zest can go out of growth and good intentions as quickly as it arrives. The colony began as a place for free settlers, not convicts, but later it had to bring in convict labour because of the scarcity of willing settlers. The gold rush into the Kalgoorlie region in the 1880s boosted the population and economy of the state, but never quite sparked the remarkable self - generating growth that the gold rush in Victoria had achieved earlier or that took place in Western America in California. The 1920s was an era of rapid agricultural growth, good markets and high prices. But the 1930s brought slump and Western Australia was a backwater for 30 years—until the iron ore boom of the 1960s.

The volume and quality of the 1960s iron ore finds were almost mind-boggling. But what was perhaps more remarkable was the speed with which markets were found and the deposits developed. Western Australia was in the right place at the right time to take advantage of the remarkable expansion of the Japanese steel industry. Without huge long-term sales contracts to Japan, the massive capital needed to develop Western Australia's rich but remote mines would not have been forthcoming.

Assumptions

Nickel discoveries, notably those of Western Mining at Kambalda, also came at a favourable time from a market viewpoint. This good fortune engendered in Western Australia the assumption that what was found could be sold. The world, it was thought, was clamouring for Western Australia's resources. Such thinking was partly behind such phenomena as the Posiedon nickel share boom. It was easy to calculate an ore deposit's potential profit from the assumed amount of recoverable ore, a reasonable estimate of production costs and the assumption that all the product could be sold at prevailing market prices. There were flaws in all the figures, but most of all perhaps on price and marketability.

Markets are now the problem for most minerals. Iron ore output last year was its lowest since 1972, and 10 per cent below its peak, and nickel producers have been cutting back output.

The North-West Shelf gas deposits still await the signing of the big export market contract needed to make the project viable. And though selling the uranium should not be a problem, the whole question of the uranium industry has been clouded until recently by widespread opposition to the export of uranium.

Uranium and natural gas are both examples of delays caused by federal government intervention into the minerals arena. In theory that should be subsiding now there are Liberal/Country Party coalitions in both Perth and Canberra. But Canberra remains keen to exercise as much influence as possible and, meanwhile, impose its perception of Australia's resource bargaining power. The recent federal intervention to set limits for negotiation of bulk mineral contracts indicates that Canberra considers it has a better idea of world markets than the producers, which it believes are being exploited by the collective bargaining power of the Japanese.

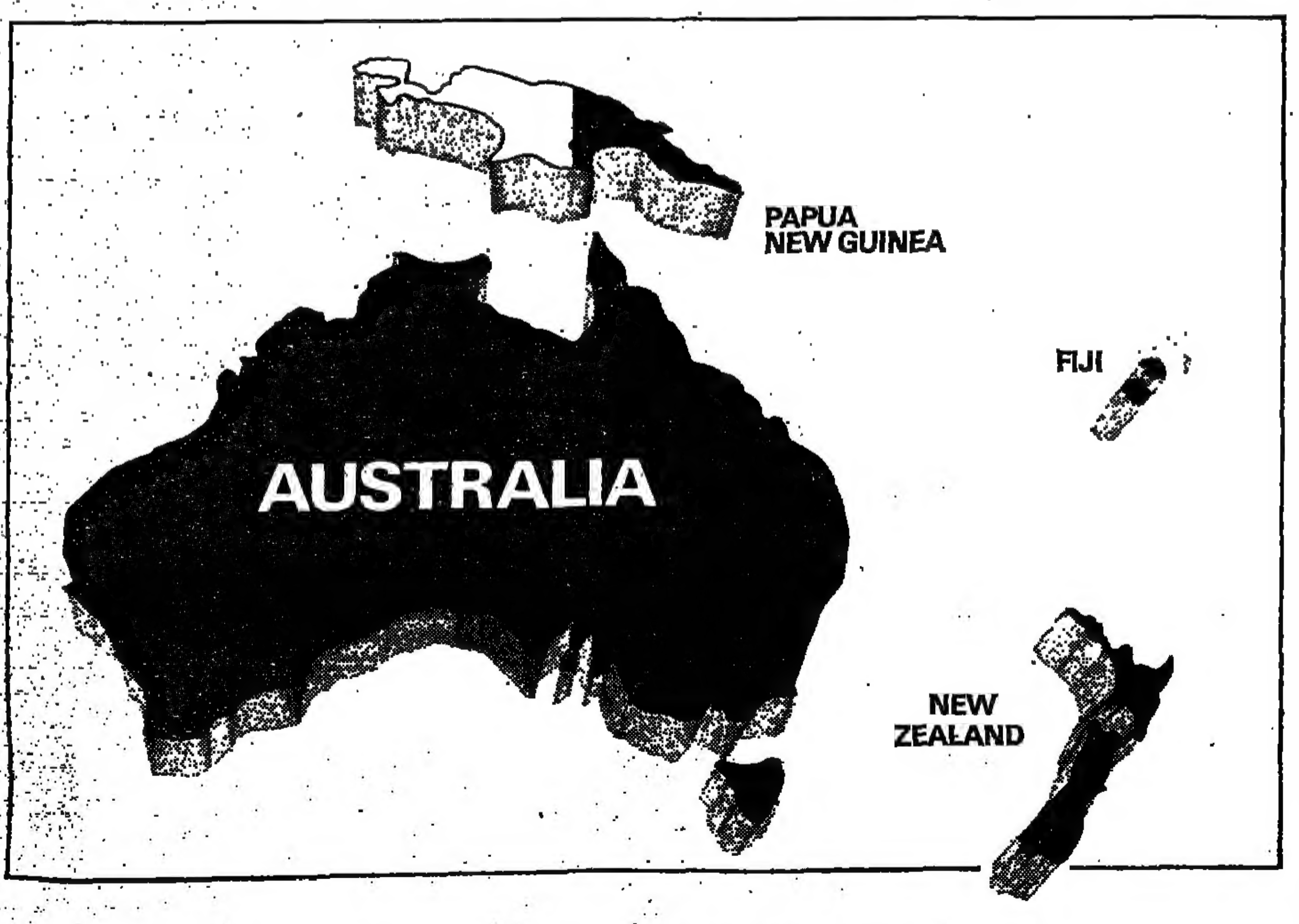
Essentially, the federal government is trying to maximise prices. The companies—with the backing of the state governments in Western Australia and Queensland—are more concerned to maximise throughput. They want to maintain volume and their share of the Japanese market to discourage the Japanese from turning elsewhere for long-term contracts. Judging the competition —for example from Brazilian iron ore—is very difficult. But if new mines are to be opened up—and there are several iron ore projects which would be viable at current prices if sufficient long-term demand existed — volume will be the critical factor.

The key to the medium term is not iron ore, but gas. Although a very large part of the cost of production platforms, pipelines and liquefaction plant would be for equipment from outside, the overall expenditure is so huge in relation to the population of the state that an overall demand boom would be inevitable. There would be a lasting impact on the economy through the introduction of new servicing and engineering activities which would be needed long after the construction phase was over.

Other lasting beneficial effects would be the encouragement to light industry in the Perth area that access to a relatively cheap fuel would bring. Further demand for servicing will be created by exploration for oil in the deep water of the Exmouth Plateau area which lies beyond the gas field. Another likely benefit from development of the gas project would be the encouragement to light industry in the Perth area that access to cheaper fuel would bring.

CONTINUED ON NEXT PAGE

AUSTRALIA and SOUTH WEST PACIFIC



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Battles with Canberra

RELATIONS between Australian state and federal governments are seldom easy. Because of distance, and the nature of its economy, Western Australia has more reason than most states to find its local interests in conflict with central policy. There have been two important decisions recently affecting federal-state relations, and Western Australia in particular. One of them is likely to have substantial long-term benefits while the other has been trenchantly criticised by businessmen and the state Liberal government as a dangerous and self-defeating interference in business. It is more in line with the philosophy of the late Labour government in Canberra than with a Right-wing Liberal-led government, they say.

The policy which has come in for so much criticism is a decision announced late last year by Mr. Doug Anthony, Deputy Prime Minister, leader of the Country Party and Minister for Trade and Resources. Mr. Anthony determined that, under a long standing but little-used federal right to control exports his department would set negotiating limits for all negotiations and contracts for the bulk sale of the country's key minerals, including iron ore and coal. The theory of this policy, which was reminiscent of the stance adopted earlier by the Labour government, was that local producers did not have the negotiating strength to stand up to the unified bargaining approach adopted by Japanese mineral buyers.

The producers naturally dispute this theory. They maintain that they base their negotiating position on world market conditions, of which they claim to know at least as much as officials in Canberra.

Mr Anthony's motives in taking his stand are not entirely clear. There is a genuine belief in some quarters that Japan has outmanoeuvred Australia in some negotiations and another possible reason is that the controls enhance the federal government's power *vis-a-vis* not so much business but the state governments. Power over mineral rights is one of the most important that the states possess but it clearly is circumscribed if Canberra directly controls exports.

For the moment the new policy is being applied in a very gentle fashion. Approvals of negotiating limits and actual deals are said to be all but automatic. But some people in Western Australia are worried that the existence of the powers may inhibit new investment and make the Japanese in particular wary. Sir Charles Court, Liberal Premier, described the move as "shocking." Canberra was "kicking our main customer in the teeth."

What Western Australia and the miners want most of all is not the highest possible prices but the highest possible throughput and the guarantee of secure long-term sales outlets. They say that the Japanese have behaved fairly and sensibly in the past, making concessions to the mines when commercial conditions were favourable. But now that the Japanese steel producers are facing problems they are expecting some relief, in the form of lower contract prices, from the mines. The mines, in turn, emphasise that they need volume and secure markets more than short-term price advantage.

The controls policy may turn out to be a paper tiger. But the Western Australian Government and the miners are especially sensitive at the present time about federal interference. They blame delays in the uranium and gas projects, and some of the environmental fuss made about bauxite mining projects, directly on interference by the former federal Labour government.

The bright spot in federal state relations, and one which will help Western Australia more than any other state, is an agreement reached last year between Canberra and the states to give the states more flexibility in borrowing for capital projects.

Until the agreement the available capital resources, whose total is effectively determined by the Treasury, had been divided annually by the Loans Council. Essentially, allocations of available capital were made to the states on a per capita basis rather than directly related to merit or need.

Now, states will be able to put up to the Loan Council additional projects which meet certain development criteria. And the states may be able to borrow overseas to finance these projects. The new policy should increase Western Australia's access to capital for the productive public sector. Investment has been held back by the small size of the state's population relative to its geography, the weakness of its infrastructure and the rate of its development.

More funds will enable the state to shoulder a bigger proportion of infrastructure spending and reduce the demands made on the private sector to install railways, roads, schools, water supplies and complete townships when embarking on mineral developments in remote areas. Although the state will be expected to charge companies realistically for services provided, the fact that the companies will not have to put up so much capital should increase the viability of projects. The ability of the state to borrow on longer and perhaps more favourable terms than the private sector may also enhance projects' profitability.

For example, the attraction for private capital of the North West Shelf natural gas development has been improved by the State Energy Commission's agreement to build a pipeline from Dampier to the Perth area. The producing consortium will have only to deliver the gas on shore, saving it capital outlays of A$400m for a pipeline.

All told Western Australia has done well out of the new loans policy. Of the first round of projects approved by the council, it received approvals totalling A$566m out of a total for all states of A$1,767m — three times what it would get on a per capita basis. Some officials are worried that the conditions for the approvals are too vague and are being interpreted too politically. No applications have been turned down yet so they are concerned that in the end Western Australia's especially big needs will be squeezed out by more populous states rushing to the new pork barrel with all kinds of dubious projects.

For the moment, though, the state is happy enough with its easier access to loans. And the fact that the new-style loan approvals are made well in advance of actual spending intentions means that states will find it easier to plan ahead to dovetail their infrastructure spending with whatever big-scale private developers may need in terms of access to utilities. Ordinary loan council allocations are handled on a year-by-year basis which is unsuited to large long-term projects.

Prepared

As a further spur to development, the state government also may be more prepared to pay for social infrastructure in mining townships, such as schools, where it is clear that the development will have a very long life.

In the end, the purpose of the changes in approach as the Western Australian Government sees them, is not just to increase the rate of spending on development for its own sake. It is to assume additional responsibilities on its own shoulders with a view to raising the rates of return to private capital to spur investment in new projects.

The new situation does not mean that the state will be flush with funds. In fact, the faster that developments such as the North West Shelf proceed the more stretched the Government is likely to be to keep up with infrastructure demand. The state government is hard up for development funds. Despite the mineral wealth, mining and oil royalties, constitute less than 5 per cent of revenue. More than half the state government budget is provided by the state's per capita share of federal tax revenue. That share is not responsive to Western Australia's development needs or even, directly, to its economic growth rate. The state/federal financial mechanisms are singularly ill-suited to any hopes of meeting a significant proportion of capital spending out of recurrent revenue.

In purely economic terms, the case for an independent Western Australia is almost overwhelming. On its own it would be perfectly capable of meeting all possible borrowing requirements from world markets. It could be a free trading economy able to buy from the cheapest sources and would not have to support inefficient eastern state industries. It would certainly get an improved air service: the state's geographical isolation is worsened by Australia's absurdly high internal air fares, and the inconvenient flight times to Perth. (The cost per mile of flying between Perth and Melbourne is five times the cost of the latest transPacific excursion fares and the only flights leave at mid-day or midnight).

The west gets the raw end of quite a few federal deals. It is no wonder perhaps that there was much oppositon in the west to the colony joining the Australian federation. And in a 1933 referendum the people voted two to one to secede from the Commonwealth, largely on the grounds that federal economic policies were exacerbating the depression in Western Australia.

Secession never happened then as it proved easier said than done, but it is still talked about occasionally and iron ore pioneer Lang Hancock runs a Westralian Secession Movement. None of this can be taken too seriously. There is simply no emotional basis for secession because Australia's identity is far stronger than state identity. And as Australians increasingly appreciate that they are a rich, isolated and racially conspicuous little nation in over-populated Asia, the more they will stick together.

But the economic logic of separatism should not be forgotten in considering where Western Australia's interests really lie. If the state continues its current pace of development it will acquire a stronger voice to alter the direction of federal policy and that would gladden the hearts of free traders.

Philip Bowring

The Alcoa alumina plant at Kwinana, near Perth

State comes of age

CONTINUED FROM PREVIOUS PAGE

However, it needs an optimist to say that whatever the volume of oil and gas off the north-west coast it will be possible to develop heavy industry in the adjoining Pilbara region — although a Pilbara study showed that petro-chemical and steel industries, using gas and Pilbara iron, theoretically would be viable. For the foreseeable future they would have to rely largely on export demand.

Also, Australia's high labour costs and the need for massive infrastructure spending, do not suggest that Australia would enjoy sufficient comparative advantage to justify export-orientated processing industries.

There is still a possibility that a giant steel works, providing basic steel to the Japanese market, will be built within the next decade. This project was seriously considered in the early 1970s but shelved because of the world steel slump. The plain logic was that pollution and land land shortage in Japan constrained output growth and therefore Japanese users would need foreign steel. But growth in demand has since flattened out and other Asian producers, such as Korea and Taiwan, have been expanding their output.

If Australia can keep its costs under control it is still possible that a consortium would be formed and the project proceed. Originally, it was intended that there would be several investors, providing equity in proportion to the amount of steel they would take from the mill which, to be economic, would need a capacity of at least 4m tons.

The plant would have to be built in the Perth region rather than on top of the Pilbara ore because of the very high costs in the undeveloped Pilbara and the lack of labour. Even siting the plant near Perth would give some transport advantage. Coal for the mill would be shipped west in the same ships which take iron ore to existing steel mills on the east coast—the BHP works at Port Kembla and Newcastle. But any expansion of steel output for domestic use most probably would remain on the east coast, close to the markets and to coal.

Located

This huge steel project must be regarded as no more than a possibility. Steel plants geared solely to direct export are almost unknown, and north-east Asian steel users may prefer to have their plants closer to home — in Korea, for example. Or they may prefer an intermediate location, such as the Philippines where Kawasaki of Japan already has a sintering plant strategically located to blend Australian with Brazilian ore. As with other development schemes, Western Australia tends to look at whether or not they would be profitable, not whether they would be more profitable elsewhere than in Western Australia. However, Western Australia retains one big advantage over most of its competitors, despite strikes and the central government's interventionism — a reputation for political stability. Australians sometimes see their country as being in a state of constant political turmoil, but outsiders tend to regard the politics as soap opera. They regard Australia as fundamentally stable and conservative.

There also has been talk of a direct reduction steel works using high-grade Pilbara ore. But that would need much cheaper gas than is at present likely to be available. Direct reduction is also a fairly new technology and is not being carried out on the scale that would justify an export-orientated plant in Western Australia, which needs operations on a scale that reduces the burden of infrastructure costs.

Though much is talked about the need for adding value to mineral exports, the realistic possibilities beyond relatively simple processes such as concentrating and sintering, are currently constrained by various economic factors. They boil down mostly to Western Australia's essentially undeveloped condition: the tiny population, the huge distances, the lack of infrastructure, and the absence of any metropolis outside of Perth which can provide a broad range of services. The lack of development and the availability of resources provide the incentive but they also circumscribe the opportunities.

In theory, the conservationists and those who say Western Australia needs quality not quantity as it develops may be right. It is absurd that a state of just 1.2m people is not satisfied with primary product exports running at nearly $3bn and needs to mine ever-greater quantities just to sustain a 2 per cent population growth. But in the end realistic alternatives to minerals are not easy to find. And at least some of the mineral projects are making possible improvements in infrastructure which will themselves generate other economic activity. At least Western Australia has not found it desirable so far to follow the usual Australian economic growth route: massive direct and indirect subsidies to high-cost, inefficient import-substituting industries. The West already suffers from having to buy high-cost products from the eastern states while selling its own products at competitive prices on world markets.

In short, if the gas and uranium projects go ahead, Western Australia is sure to see its medium-term population growth rate continue at twice the national average while incomes per head also rise faster.

But what if it doesn't? A lot of hopes have been invested in the gas project. In the very short term the economy is likely to be buoyed up by the recovery of the rural sector after two years of severe drought. Crop yields have been high, prices are fair to good and beef quotas to the U.S. have been increased. But what is the outlook slightly further ahead when the rural recovery has run its course? Some economists say the continuing overall growth achieved in the past two years despite the rural problems, stagnant iron ore sales, and the holdup in big projects such as gas and alumina, indicate that the economy is now sufficiently broadly based not to be as volatile as before. There is a stream of continuing medium-sized projects. For example, the Agner nickel mine has now been completed but new projects such as iron ore beneficiation and the alumina refinery are in train. And as one mineral fades another such as diamonds—takes the spotlight. There is also now bright prospect of the development of the fishing industry and related services as Australia moves to enforce a 200-mile fishing limit.

However, it is also true that the economy is very much geared to a high rate of development. Whether it is the construction industry itself, or the architects and lawyers and stockbrokers in Perth, a larger part of a rapidly-growing workforce is geared to the planning and execution of new projects rather than the operation and maintenance of existing ones.

So although the economy is now much more broadly based than it was a decade ago and still has several new projects in the works, it is also more vulnerable to changes in capital spending. The new Western Australia has yet to face and cope with a sustained investment slump.

It might face one quite soon if gas does not go ahead and there is insufficient recovery in world steel demand to spur another big iron ore development. The opposite would produce a fully fledged boom of 1960s proportions with land values and wages going through the roof and the state attracting a surge of migrants from eastern states and elsewhere.

Markets and migrants are both questions which closely involve Western Australia's neighbours in Asia. Geographically, Western Australia is much closer to South East Asia than are the eastern states. And its direct trade with Asia is relatively much more important. (Its exports per head are three times the national average and Japan alone accounts for about 40 per cent of them).

Interest in Asian affairs is not immediately apparent in Western Australia, but scratch the surface and there is widespread recognition that Asia and its markets are important and will become increasingly so. Sir Charles Court has long cultivated Japan and, generally politicians in Western Australia avoid the crude and witless denunciations of Japan and its trading policies that are too often heard in Canberra.

There seems to be a feeling among businessmen that Western Australia should be making more overtures to Asia but they are not quite sure how to go about it. Mining entrepreneur Garrick Agnew says Japan must be encouraged to invest in Australia's development of raw materials to a much greater extent than in the past.

That is one way to secure long-term sales. But others are not so sure. Leading businessman Alan Bond says more two-way trade with Asia must be developed and that, for example, Australia should be able to sell iron ore in large quantities to China in exchange for oil. But, he says, Japanese steel companies, for instance, are more interested in making profits from steel than from participation in ore mining. Their interests are complementary to those of the Australian mining industry but not identical.

There are hopes that South Korea and Taiwan may be interested in long-term ore contracts, perhaps linked to investment in new mines. But potential demand from those countries may not be sufficient for several years to justify such big, long-term tie ups as with Japan.

Migration

There is perhaps more that Western Australia could do to imporve its ties with Asia through migration. From casual observation, Perth has more immigrants from Asia than other state capitals. If so, it is mostly mere chance: anti-Asian sentiment is not significant and much of it is residual anti-Japanese feeling rather than aimed at Asians in general. But it does not seem to have occurred to government or the business community to make a virtue out of geographical and trade links with Asia by positively encouraging certain classes of migrant from Asia. Despite the evidence of the West Coast of the U.S. and Brazil, Australians like the comfortable assumption that Japanese do not like to migrate to other countries.

The Asian migration issue is not an important one. But there's no dobut that with the gradual retreat of the American umbrella and the increasing complexity of power relationships in Asia, Western Australia, even more than the rest of Australia, will need to cultivate as many friends in Asia as it can. Defence? "We haven't got any, so we can't afford to think about it," joked one local Liberal politician.

There are pessimists who believe that the state is too rich for its own good. "The more people knew about this place the more they will covet it," said one. But doomwatching is a rare pastime in Western Australia. Perth may be all surf and suburbia, but the folk hero is still that symbol of eternal hope—the prospector, alone with the sun and the rocks.

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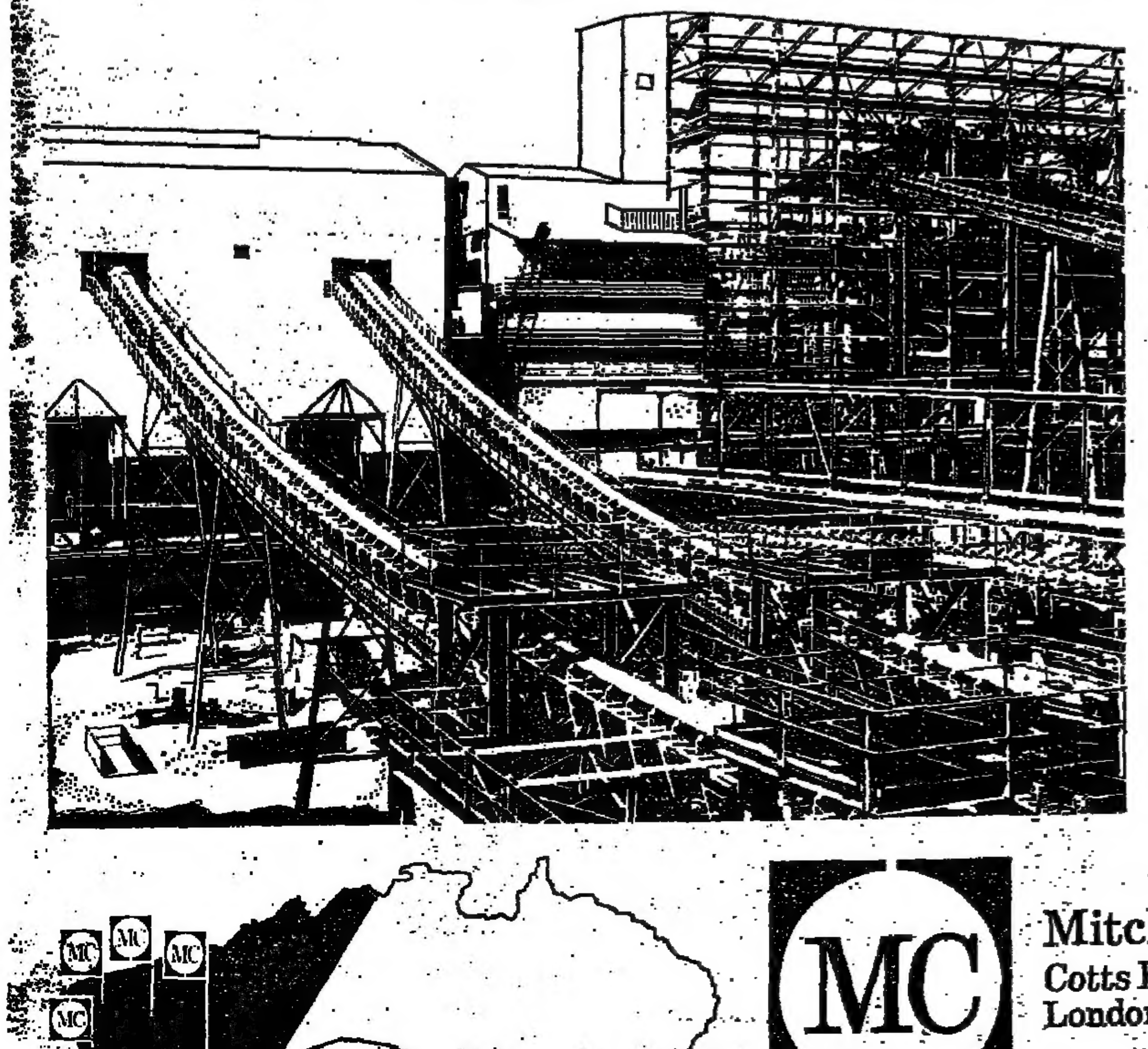

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Mining finds an ally

THE OIL companies' growing diversification into mining is foreshortening the slump that has given the industry in Western Australia a tough few years. Several nickel mines, opened in the boom that began 10 years ago, have gone on care-and-maintenance. The iron industry is flat after a decade of extraordinary growth. And although prospectors are still finding mineral deposits, mining engineers are finding it impossible to turn this into profitable ore.

However, the emergence of oil companies as well-heeled and aggressive mining entrepreneurs is the most obvious factor among several which are turning the industry around to the point where continued firmness in metal markets will see shelved mines reopened and new ones developed. Inflation has slowed, strikes have eased, conservationists have lost ground, and governments are again accepting their responsibilities to provide mining infrastructure.

Shell has taken equity in the Mt. Windarra nickel mines, the cause of Poseidon shares rocketing from 70c to A$286 just 10 years ago before the company went into receivership and sold out to Western Mining. Esso has joined Western Mining in a pace-making agreement to develop the Yeelirrie uranium mine (Vrangesellschaft is the other partner); a A$20m pilot plant is being established at Kalgoorlie to test Yeelirrie ore. Esso has also joined Amax and EZ to reactivate the Golden Grove copper prospect. Amoco is with Amax and Endeavour at the Forrestania nickel find. Aquitaine, with MIM and Serem, is sinking a decline shaft into Sorby Hills zinc in the far north. Atlantic Richfield's subsidiary Anaconda is among the heavyweight newcomers in the Kimberley diamond search; so are Shell and Amoco.

Prospectors who once would have headed for Western Mining, MIM, and CRA with their finds are now taking them to the oil companies, which they recognise as the last of the big spenders. Steelmaker and the leading miner BHP have become part of this trend, with Bass Strait petroleum accounting for most of its profits. It is no coincidence that BHP's exploration budget has been increased substantially; as a rule, oil companies are spending more and mining companies less in the field.

The painful winding back of inflation is prompting a reassessment of operations jammed between falling prices and rising costs. At its peak inflation in Perth exceeded 20 per cent, but in the outback the rate at one stage rose above 40 per cent—a crippling uncertainty on attempts to turn prospects into projects. During this stage, only the Newmont-BHP gold mine at Telfer and the Selection Trust-MIM nickel mine at Agnew managed to get into production. Telfer has proved a bonanza and the Agnew mine, despite delays and disturbingly slack nickel market, came in below budget.

Strikes have never been the same problem in the base metals and coal mining industries as in the Pilbara iron mine. But company directors have always looked over their shoulders at the level of disruptions and wage costs that the Pilbara pioneered. A workforce chastened by recession is considered a plus for the whole industry. Similar pressures of economic reality have mellowed conservationists. But union leaders have made it clear that they intend to compensate for the slowdown in growth of real wages when mining companies are better able to withstand it.

Conflict

Meanwhile, the main political conflict has centred on a revised Mining Act. The old Act was written around the needs of individual gold miners at the turn of the century and has proved unable to cope with the level and style of corporate field operations. But small prospectors marched on Parliament claiming that the Act sold out their interests to those of the big companies. Mr. Andrew Mensaros, Minister for Mines, claimed they had been financed and incited by Mr. Lang Hancock, whose iron ore prospecting royalties bring him about A$3m a year and who has conducted a running dispute with Sir Charles Court and his government which he considers unduly interventionist.

However, government policy has produced the biggest breakthrough in years for mining companies trying to contain costs. Because Western Australia is so sparsely settled, there was no established network of ports, rail-roads and towns to accommodate new mining

The iron ore handling plant at the foot of Mt. Whaleback

operations as they were established in the 1960s. So as part of the deal giving them access to ore, companies agreed to build and finance their own infrastructure. And when the 1960s iron and nickel boom ended the burden of these costs became intolerable.

Sir Charles Court has been lobbying for four years for government to be given the means of returning the responsibility for infrastructure to itself without cost to itself. His answer has been a system for state governments to use their power to borrow overseas at lower interest rates and for longer terms than is possible with commercial lending. Mining companies then pay off the loans: gaining cheaper all-in costs, particularly in the critical early years, while governments gain job and revenue-generating ventures without slashing social services or printing money.

The Loan Council, the federal-state body that controls the flow of overseas borrowing, embraced the concept at its last meeting. As a result Western Australia has the right over the next eight years to borrow unilaterally, overseas if necessary, A$416m for the Dampier-Perth natural gas pipeline, A$111m to rationalise Pilbara power, and A$42m on water and railways services for the Worsley alumina refinery. From now on planning engineers will be able to allow for lowered infrastructure costs, the obstacle that has ranked alongside low metal prices, rocketing costs, strikes and conservationists to abort the mining industry's initiatives.

At mining's prospecting end, the two main targets offer a total contrast in public exposure. Diamonds and diamond-seekers have become the main topic of mining and speculative-investment discussion, edging towards the status of nickel 10 years ago, when no conversation was complete without a word about the latest share prices of Poseidon and the rest. Indeed, many of the hallmarks of the Poseidon share boom are evident in the diamond scene, a fact recognised by company promoters who are getting into the act at the rate of about one a week.

Tempo

Until the tempo of diamond prospecting picked up during 1978, uranium tenements accounted for the biggest swag of Crown land pegged. In response to the intense anti-uranium feeling whipped up during the three years under federal Labour rule, uranium companies have stayed in the background. But they remain active, mainly European government-backed companies and (once again) the oil companies. The message here is that far more uranium has been found in Western Australia than has been reported, and this is almost certainly true also in the Northern Territory.

In heavy minerals sand, Western Titainium is looking at increasing upgraded ilmenite output and Allied Minerals is expanding. In gold, Western Mining and Hanna are trying for the third time to reopen the Golden Mile mines, as has happened with several smaller gold mines. Base metals prospects are looking good—Anglo's Sally Malay, Kennecott-Newmont's Gordon Downs, Selection Trust-MIM's Teutonic Bore, several lead-zinc deposits in the Kimberley where BHP is active, nickel-copper near Whim Creek in a partnership of Texasgulf and Agnew-Clough, and the Mt. Mulgine wolfram deposit of Union Carbide with Minefields.

Griffin Coal signed a long-term A$700m contract just before Christmas to sell steaming coal to the State Energy Commission and Western Collieries has a similar deal on the way. Mallina is well advanced with plans for developing properties of diatomite (a filter) and attagulgite (an absorbent clay). Engelhard has taken over as operator from Gold Fields on the Gabbin kaolin deposit. But the Agnew-Clough vanadium mine, 50km west of Perth, is the only new mining development under way, a modest A$6m operation currently letting contracts.

The tempo of the coming year will depend ultimately on the state of the metals markets. However, Western Australia, reacting to the sometimes haphazard mining development rush that began in the mid-1960s, has put its own house in order. The portfolio of development projects that have been working their way through the computer, without managing to get much farther, looks riper than it has for several years. The oil companies' willingness to take the risks that hard-rock miners can no longer afford is the most likely reason for the next wave of projects being taken off the back burner.

Don Lipscombe

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Diamonds enjoy a boom

PERHAPS THE best proof that optimism has returned to the West is in the diamond search and share boom which struck the state, and the nation, last year, and is still in full swing.

It is not (as small investors will be relieved to hear), on a par with the nickel boom. But while every mining boom has a basis in fact, they all need faith and hope to make glamour from the essentially mundane.

There is nothing mundane about diamonds, of course. Commercial finds are rare and (to the joy of the speculative claim pegger) almost totally unpredictable — as unpredictable as the current boom.

It has been known for years that kimberlitic formations, the host for diamonds, were found in several parts of Australia, and part of New South Wales. (The similarity of name between a part of Western Australia and the main diamond-producing centre of South Africa appears to be entirely coincidental, though it cannot have hurt the share prices of companies with claims in the area.)

The existence of diamonds in Australia has been long proven by occasional finds of alluvial stones of gem quality. But the original source rocks of these stones has not been traced.

Companies have been prospecting for diamonds for years in Australia. Those which have been searching persistently include De Beers, through a local subsidiary named Stockdale. It has undertaken a large amount of basic exploration in several parts of Australia.

Selection Trust, the London-based miner which producers diamonds in Ghana and Sierra Leone, started looking for diamonds in Australia back in the late 1950s. It actually abandoned the diamond search in 1975, preferring to concentrate on base metals—it has substantial nickel interests in Western Australia, including 60 per cent of the Agnew nickel project.

However, Selection Trust has now returned to diamond search with a vengeance and, in terms of the Kimberley search, is probably now second only to the group which started the rush—the Ashton group, led by CRA.

The group's heavy pegging activities and subsequent announcement that it had found some diamonds produced not just a rush to peg but also a rush to buy any shares in any companies which might be sitting on mineral claims in that area.

Exploration companies which had been mostly dormant since the nickel boom rushed out to acquire claims which they hoped would catch the eye of larger companies with real money to invest in the very expensive business of intensive diamond search.

One company which had already been fortunate was Northern Mining which has a stake in the Ashton group areas. Its price zoomed from 28 cents to $1.90.

Even more dramatic was Carr Boyd Minerals—a name out of the previous boom — which bounced from 3 cents to 44 cents. Its status was boosted by the interest of Selection Trust which has farmed into Carr Boyd areas.

Late last year also saw the float of another company to which Selection Trust has linked itself — Samantha Exploration.

But the star turn has been Ashton itself. The Ashton group, in fact, comprises several substantial companies, led by CRA with about 54 per cent. The second largest group interest is held by Malaysian Mining Corporation, the giant Malaysian - Government controlled tin group which is 28 per cent owned by Charter Consolidated (which also owns 25 per cent of Selection Trust and, like de Beers, is part of the Anglo-American Group).

MMC held a 27 per cent stake in the Ashford diamond group. Then, late last year, it sold off 35 per cent to the public (which it acquired when it took over London Tin).

The float not only gave the diamond punters a very attractive speculative counter, it forced some of the search activity out into the open as Ashton must make periodic reports to the Stock Exchange on the progress of its searches and the results of its detailed sampling.

Formations

The CRA / Ashton success seems to have been based on improved methods for identifying promising kimberlitic formations. The group has discovered 26 kimberlitic pipes in the Kimberleys. Few kimberlitic pipes contain diamonds and fewer still diamonds in sufficient quantity or—more important—in gem quality, to make them economic. But Ashton has found some gem quality stones as well as quantities of industrial stones.

In terms of carats per thousand tons of earth treated, the yields from pilot sampling have not yet been sufficient to be commercially viable. But the group's confidence that it may be able to prove commercial worth is indicated by its decision to spend A$6m on a treatment plant.

Meanwhile, though the herd instinct may have something to do with it, the way other big names have rushed to the scene suggests that they believe there is something to it.

Apart from Selection Trust, other companies involved include Amax, Anaconda and BHP —which has acquired large areas in river valleys downstream from the Ashton areas to look for alluvial stones.

P.B.

Pilbara picks up

THE 1960s ended late in the Pilbara. Until the Japanese steel slump turned 10 years' explosive growth into two years of cut-backs Western Australia's iron region was like a time capsule that the national recession seemed to have passed by, allowing the euphoria of boom to persist long after it had dissipated elsewhere. The per-capita level of strikes was the highest in the country; the young, isolated and intensely self-possessed population clung to its prosperity; and the aura of limitless growth filled the horizon. The Pilbara was the last place in Australia where the exponential J-curve stayed fashionable.

Scars

The Pilbara even managed to carry the scars of boom and make them appear a badge of merit that said the good old days were here to stay. Unable to afford development of new mines in such a high-cost location, the Mt. Newman and Hamersley groups were forced to bypass high-grade ore a few miles from their established mines and instead to re-treat their stockpiled overburden so that they could exploit the towns and railroads paid for in pre-oil crisis money. Only now are the last contracts from these heavy media separation plants working their way out of the now-empty pipelines that have sustained draughtsmen, engineers and builders and maintained the illusion of growth.

Now economies are beginning that were not considered necessary when the mind-boggling contracts from Japan overran the most optimistic growth forecasts and made the Pilbara the biggest thing in world iron ore trade. Mt Newman is reducing staff, costs and communications problems by relocating management in awful Port Hedland instead of beautiful Perth. The state government is to raise 11m to rationalise the inefficient communications system that has given the region four railroads. The federal Government is trying to bring miners under the umbrella of a de facto Canberra-centred selling cartel to offset the Japanese steel industry's buying cartel. And the last ore from the first mine is soon to be pulled without much prospect of Goldsworthy being able to get contracts for its Mining Area C, planned to have slotted in to keep the company together after other ore bodies were depleted.

Goldsworth at Mt. Goldsworthy and Shay Gap (exporting through Port Hedland), Mt. Newman at Mt. Whaleback (Port Hedland), Hamersley at Mt. Tom Price and Paraburdoo (Dampier) and Robe River at Pannawonnica (Cape Lambert) started the Pilbara ball rolling in spectacular style. Government development maps confidently carried a new set of names — Marandoo, Marillana, Rhodes Ridge, McCamey's Monster, West Angelas—of sites where new mines would quickly be established. These developments started slipping back, into the mid-1980s at best, when the Pilbara priced itself out of the market and failed to meet new competitors like Brazil.

Not all is gloom, however. While new mines are not being put together, servicing established mines is a major industry. And inflation has hurt the Pilbara's competitors relatively more. The Pilbara's cost advantage when selling to Japan and nearby markets is maintained and Japan's loss of competitiveness is forcing the pace of the search for other markets. China's intended industrialisation promises the same scale of contracts as those from Japan that were the foundation for the early expansion.

Meanwhile the Pilbara has become a prime market for innovative ideas in mine financing, development and management. It has a good track record for production and one that is continually improving. The system of what is virtually cost-plus pricing, as well as an undertaking that the dominant Japanese market share will be maintained when the recession ends, promise a strong comeback. After the strange hiatus is passed, the Pilbara miners should emerge leaner, more efficient and considerably more profitable.

Don Lipscombe

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Big interest in petroleum sector

TWO OF the most notable benchmarks in Western Australia's 150-year history fall this year in the petroleum industry.

The Woodside group will decide around September whether or not it can proceed with the $5bn North West Shelf natural gas liquefaction project. And drilling starts about March on the Exmouth Plateau, where success would drop North Sea-sized activity on the doorstep of a community of little more than a million people—and cost a further $3bn. Although anticipation of petroleum-based prosperity has been built into most business decisions through the 1970s, either development would have *profound implications.*

According to one's standpoint, the Australian west coast oil boom is either three years old or about to start.

Three years ago the oil industry recognised the significance of federal policy decisions being switched from threatening to welcoming, making the risks of deepwater wildcatting worth taking. During 1977, Exmouth Plateau blocks were opened for bids and allocated. Last year the first tangible boom symptoms appeared — severe seismic surveying bottlenecks and an inflow of service industry people to Perth, making it Australia's oil industry capital.

This year comes the first big wave of drilling. And perhaps for the first time the man in the street will start to realise there's an oil boom come to town.

Recognition

At the same time, Mr. W. A. Average is starting to recognise the radical restructuring that has taken place. To him, the state's oil industry means Wapet and, more recently, Woodside.

Wapet made the first strike in 1952, had the 7,700-mile coastline and 1m square mile state pretty much to itself until Woodside came along under Burmah's umbrella in 1967, and has the only two commercially producing fields, oil from Barrow Island on the North West Shelf and gas from Dongara 200 miles north of Perth; Wapet *partners* are Australia's Ampol Exploration, Shell, Standard of California and Texaco.

But suddenly Wapet has slipped to 13th on the schedule *of offshore drilling commitments,* behind companies like Esso, Phillips and Getty and such *totally* unfamiliar names as Canada North West Land and Hudbay, both from Canada, and newly-formed local companies Oberon and Pelsart.

All except Esso (one previous well) are yet to have drilled off the west coast. The list is dominated by the four Exmouth Plateau operators, Esso, Woodside, Phillips and Hudbay, which between them have undertaken to drill 34 wells costing $213m over the next five years—nearly half the offshore total.

Exmouth Plateau, regarded among the most promising but demanding oil prospects in the world, is expected to set world deep-drilling records this year.

Esso with BHP have the two plum blocks of the five (each "block" is about half as big again as Wales) and two-thirds of the total commitment. Mr. Ken Richards, Esso Australia's director and exploration manager, believes Western Australia holds the long-term future of Australia's oil potential, although he heads work in Bass Strait which produces *nearly two-thirds of the nation's* oil requirements.

Exmouth Plateau's huge *structures* and thick sediments hold out the promise of fields in the Brent league. But only oil *drilling* will tell and, even then, technology to get the oil out from such water depths is yet to *have* been developed.

Geologists believe Exmouth Plateau separated from *continental Australia during the* process of the super-continent of "Gondwanaland" *breaking up — continental drift* theory. So, the same biological and geological forces have been at work on it *as on the heavily faulted* North West Shelf nearby, where 18 trillion cubic feet of natural gas has already been indicated.

But the Plateau structures are *much* bigger, and seismology suggests sediments up to 15,000 ft thick. Explorers would have to walk away from a middle-sized oilfield or a huge gasfield. A big oilfield out there would cost $3bn to develop.

While Exmouth Plateau commands most of the cash and glamour, and with none of the disappointments so far, conventional exploration has recovered sharply from the dour days of the federal Labour regime when Australian oil prices one-fifth of world levels plus the fear of nationalisation created an exodus of capital and skills that Australia *is still paying* for.

Recovery traces back directly *to federal policy. Urged by* Sir Charles Court and the oil industry lobby, Mr. Malcolm *Fraser's government accepted* the view that a crippling oil import bill was ahead unless explorers were *promised world* prices, and the taxation and incentives stripped under Labour were restored.

With the carrot of a revived North West Shelf project before it, Canberra started by bolstering offshore oil concessions. *As a result,* well commitments off the west coast rose from two in fiscal 1977 to 12 the *following* year and *18 this* fiscal year. The upswing has continued.

In 1977, 40 companies started looking offshore on 14 new *blocks thrown open;* last year there were 22 blocks and a total of 37 companies, 22 of them newcomers.

Survivors of the Poseidon nickel boom that was at a frenzy exactly 10 years ago have moved in to take advantage of the entrepreneurial potential as well as the tax benefits to their shareholders that they lost under Labour in the mineral prospecting business. (Exploration expenditure *was a tax deduction until* scandals and socialism stamped it out.) Only in offshore oil exploration is there a tax lubricant for speculation, although lobbying has stepped up *for onshore oil explorers* to get the same favoured treatment.

This has encouraged 20 Australian listed resources companies to become involved offshore so far: Woodside, BHP, MIM, Australian Oil and Gas (the four Australian partners on the Exmouth Plateau), AAR, Alkane, Ampol Exploration, Bridge, Cultus Pacific, Endeavour, Geometals, Haoma, *Lennard, Magnet, Offshore,* Otter, Spargos, Target, Timor and Western Mining.

Applications in hand would add Carr Boyd, Conex, Hill and Western Queen to this list. In their traditional new year messages, many stockbrokers *have been plumbing for oil* stocks in 1979.

Contrast

The oil board flagbearer, Woodside, has had a disappointing year for exploration, in contrast with a remarkable early success ratio of 45 per cent on the Dampier sub-basin where its gasfields are currently being tested. With Burmah's *selling-out to Shell* and BHP the emphasis began to change from exploration to development *drilling.*

Then there are the stresses of management structure made up of an awkward heirarchy alternating Shell and BHP personnel, working in the goldfish-bowl environment of a planning office, in a city hungry for work, for the state's biggest-ever job, the LNG project.

Onshore, exploration has been slow. However, several companies including Amax and Esso are assessing seismic from surveys in the Kimberley region in the far north where diamond prospectors have been dotting the bush.

Oil men are following up Devonian limestone reefs of the kind that have proved prolific *oil producers in Canada.* Indeed, Canada North West Land proposes to drill the reef structures offshore in one of its blocks.

During the past few months, a series of oil and gas strikes have been reported from that amorphous area beyond the Nullarbor Plains that Western Australians lump together as "the eastern states."

These discoveries can be rationalised by the fact that the same political and economic forces at work in the West, where effort focusses offshore, move through the system more quickly onshore or in less daunting locations such as Bass Strait. The longer lead-times and longer wait will be compensated by discoveries which, like everything Western Australian, will be bigger. Thus, eastern states' oil strikes are merely unexpectedly exciting minor tournaments; clearly, the west coast is the centre court.

By the same token, Perth businessmen find delays hard to take and would choke on the rare diet of unmitigated disappointment.

After such a long build-up of politically motived enthusiasm, thumbs-down on LNG and a series of duds on the Exmouth Plateau would shatter confidence. Hence, an ambivalence within the business community, caught between expectation of a boom and fear of a slump.

Preaching the gear-up-or-miss-out philosophy, Sir Charles Court sums it up when he warns: "When the whistle blows, the game will be fast and furious."

But like oil geologists, people with *their* money *on it have* learned to hope for the best, but allow for the worst—and Western Australia's petroleum industry will be monitored with intense interest over the next *few months* to see *which* it will be.

D.L.

UNIONISTS FLEX THEIR MUSCLES OVER DRILLING RIGS

BY ABOUT now, the Sedco 472 should have been positioning herself dynamically *to start Australia's most dramatic* petroleum exploration programme. She isn't.

For *instead of heading* for Australia's north west coast, Sedco 472 went instead to the Gulf of Mexico, *frightened off by the demands of* Australia's militant maritime unionists who want the right to man these sophisticated semi-submersible drilling rigs: they settle themselves on site by multiple propellers rather than the conventional anchors that would be impracticable in such deep water.

This scope for industrial trouble is the least publicised aspect of the incipient oil boom, but one most discussed by oil men from behind their hands. Before the Japanese steel recession, the Pilbara iron industry was the source of capitalists' best anecdotes about what varmints the unionists had become—gargantuan tankers piling-up offshore, at hideous expense, because of a strike that began when there were no tooth-picks with the morning-tea, and things like that.

The whole of Western Australia's resources-based system rests in the shadow of specific threats that things will be made harder *for the employer* the more the economic tempo recovers. This has been largely *academic except in the kind of industrial* hothouse oil can generate.

So, the petroleum industry, with its esoteric issues, penchant *for secrecy,* and costs that provide tremendous leverage, has given unionists a rare environment for flexing their muscles.

Indeed with petroleum it wasn't even necessary for recovery to have begun. The longest luncheon of the slump (at a time when the number of rigs working the entire Australia coast had fallen to one) was with the owner of a vessel that finally had work after months of idleness that had nearly crippled his company. After running through a litany of nightmarish frustrations, he explained that she was allowed to sail only after the skipper had given up his quarters to a crew member . . . symbolic of where the real power resides. To rub salt into his wounds, the owner had been gagged by the oil company operator that patiently and silently awaited the outcome of the little game; both operator and contractor feared subsequent delays if the unionists were exposed.

Which leads back to Sedco 472. Esso is not committed to start drilling until late in the March quarter and has never formally announced that the rig would be on site in early January. This leaked out when contracts were let for services—and even then companies were inhibited about discussing publicly what they spoke of privately with great pride.

Because the early start wasn't announced it hasn't proved prudent to comment on the forced delay, even under persistent questioning. So, despite the grazed skin on the school bully's knuckles, the oil industry's bloodied eye was caused by an accidental fall.

Largest-ever project for gas industry

THE HOPE has been frustrated for so long that no one now dare voice it too loudly—even in ever-optimistic Western Australia. But there is every likelihood that this, the state's 150th year, will see a start on its biggest ever project—development of the gas reserves *of the North West Shelf,* 130 kilometres off the coast from Dampier.

By about September, the North West Shelf Joint Venture, the incorporated con*sortium which links the partners* in the development, should have done all the necessary detailed *studies, and hold letters of* intent from liquefied natural gas (LNG) buyers, for the green *light to be given.* Between then and about the end of 1984, A$2.5bn-A$3bn (£1.4bn-£1.7bn) will be spent on production platforms, offshore and onshore pipelines, treatment plants and —the biggest *single* item—ships to transport the gas to the markets. In addition, the Wes*tern Australia State Energy* Commission, a government body, will spend upwards of *A$400m on a pipeline to feed* North West Shelf *gas* into the Perth area 1,500 kilometres away.

Oil and gas discoveries usually take longer to delineate and develop than most people, and even the companies involved, expect. But the North *West Shelf* and *Western* Australia have been particularly unfortunate. The first major *North West Shelf gas discovery* was back in 1971. Further finds were soon made and Woodside-Burmah Oil NL, which had a 50 per cent interest in the venture, became one of Australia's most highly-capitalised and most traded public companies. By the end of 1973 it was apparent that there was sufficient gas to supply Western Australia and support on LNG export operation of economic size.

But instead of speeding up the *project,* the *great oil and* gas price rises of 1973-74 indirectly snagged the develop*ment. It became the subject of* contention with the federal government in Canberra, and was for a while submerged by the high tide of mineral nationalism. It was strongly argued that the gas should be kept for use in energy-short Australia. Canberra talked of grandiose but totally uneconomic schemes for a national pipeline grid. At the *same time* the federal and state governments became locked in constitutional battle *over which one* of them controlled offshore mineral rights. As a result *development* work on *the shelf* came almost to a halt.

The federal government eventually won its constitutional case but by then a Liberal Government was back in power in Canberra and anxious both to reach a working compromise over the control issue and for the scheme to go ahead. By this time, too, fancy pipeline dreams were fading and Labour opposition to gas development and export was fading in the face of anxieties in Western Australia about falling investment and rising unemployment, and *realisation at the national level* that the balance of payments was badly in need of help from *energy development.*

Serious activity got under way again in 1976 with triangu*lar discussions involving the* consortium and the state and federal governments. Govern*ment* accepted the need *for LNG* exports to provide the necessary base load to make the project *viable. Without that,* the Western Australia market could not be supplied in the foresee*able future.* By August 1977, a package of conditions for development had been hammered *out* and *the consortium* proceeded with a A$50m detailed project definition which is now *nearing completion.*

Ownership

During the hiatus a major change took place in the project's ownership. Burmah Oil, which was facing a financial *crisis, sold its stake* in Woodside Burmah to BHP. Ownership of the venture now is complex but it boils down to Shell, BHP (which together have 43 per cent), the Australian public (through quoted Woodside Petroleum Limited, the two other interests, each with 16⅔ per cent, are California Asiatic and BP.

Optimism about the *project* has been gathering momentum since agreement was reached *with the state and federal* governments and the consortium embarked on its A$50m detailed *study.* But the decision to go ahead seems to have been clinched by recent events in Iran.

LNG is not an especially popular fuel among energy users because of the huge capital costs of liquefaction plants and ships, and the lack of flexibility in volume or source of supply. But Japan *needs non-polluting fuels* and the U.S. needs gas to feed into its huge gas grid.

Japanese energy users are believed to have been thinking of the North West Shelf supplies as being *available* from about 1985. But it was seen as a probable rather than a definite source. The Japanese had some bargaining leverage in that Western Australia was not the only possible source for a major supply contract, but the options for the Japanese now are looking singularly unattractive. They are worried whether they will see the 2.8m tons a year of LNG which they are supposed to receive from Iran starting in late 1982.

At best, plant construction in Iran will have been delayed by the *riots* and strikes. *Iran* has also reminded all buyers of LNG, and the banks and companies which finance LNG projects, that political stability must be regarded as a critical factor in making long-term financial and purchase commitments. Australia may be strike-prone, but it is not revolution prone. From the Japanese viewpoint it is probably easily the most stable new source of LNG. It has not passed without notice either that Australia is not a member of OPEC and as a net oil importer is not interested in pushing up energy prices.

Australia's political attributes should make it easier to get approval from U.S. regulatory authorities to sell gas into the U.S. market. However, the complexity of the regulations and the long delays in getting approvals have *strengthened* the hand of the Japanese in bargaining with the North West Shelf consortium. The U.S. utilities would like to buy and they are ideal customers in that *one or two utilities could* take the whole North West Shelf production. Japanese buyers—who mostly use gas to generate electricity—are more fragmented, which makes for complex negotiations. But the North West Shelf consortium cannot go head with its project on the basis of contracts from U.S. utilities if these are subject to *being overruled by the U.S.* regulatory authorities.

It is believed possible that *some way may* be found to speed up approvals or set prior conditions. But for now it seems most likely that Japan will take all the 6.5m tons a year of LNG from the Shelf. That figure is regarded, in conjunction with the sales within Western Australia, as the *minimum necessary* to go ahead. It entails the building of two production *platforms* and the export volume represents the amount—53 per cent of known recoverable reserves—permitted by the Government to be exported. If more gas is discovered, it is possible that it may either be exported or supplied to Western Australia at a cheap price.

Iron ore producers would like access to cheap gas for sintering and perhaps direct reduction steel-making. They have not been in a position before to bargain for cheap supplies because none of them was able to buy sufficient to make the gas *project viable without exports.* But it is possible that they may have better luck with any *incremental* discoveries. If further finds are made and industry can come up with viable proposals, the consortium might find itself under strong pressure to sell the gas cheaply.

It is not known what price the State Energy Commission will pay for its supplies. Piping the gas to Perth will be expensive so it is likely to be only a little cheaper than alternative fuels. But if gas in quantity were in demand in the Pilbara a producer should be able to sell it locally for not very much more than half the landed price in Japan.

Availability

It is expected that gas available in Perth will be only slightly cheaper than alternative fuels. But availability of supply should be a boost to industry—shortage of gas from the dwindling Dongara field has limited its supply to Perth's industrial users and they have been forced to use costly electricity or oil.

By contracting to buy roughly one-third of North West Shelf *output, the State Energy* Commission has made an act of faith in the growth of gas-fired industry. It is banking on demand in the Perth region rapidly building up to 300m cubic metres a day, compared with only 80m at present. One sure buyer is a new Alcoalumina plant at Wagerup, but if demand does not materialise the commission has a safety valve in that it could convert a power station from oil to gas-firing.

However, *the commission's* commitment to gas is indicative of the significance that is attached to onflow from the North West shelf. Meanwhile, millions of dollars are going to be spent locally on the project's construction. The ships and the liquefaction plant will all be imported; so, probably, will the production platforms and pipe. But even if only a relatively small part of that A$3,000m is spent in Western Australia *on construction, rig* servicing, supplies and ancillaries, it will go a long way in *a state of only 1.2m people.*

P.B.

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Recovery in farming

A GOOD season and a firm outlook for most Western Australian farm produce has brought a resurgence of confidence in the state's farming industry that, in many ways, is reminiscent of the land boom days of the 1960s.

Both 1976 and 1977 were years of drought or, at best, below-average rainfall over most of Western Australia's farmlands.

Across the board productivity was slashed, stock numbers depleted—with the sheep flock down 5m to less than 30m and cattle numbers dropping 400,000—and overall rural income was reduced by at least $400m.

But farmers' problems have not been confined to poor seasonal conditions.

They have seen their political bastion, the Country Party, somersaulted by division and its already declining influence dealt a further severe blow.

A cyclone, named Alby defied the normal habit and swept out of the northern tropics to inflict widespread damage and soil erosion over much of the state's southern farming belt.

When industrial strife threatened to halt the lucrative export trade in live sheep to the Middle East, farmers in a dramatic show of strength took to the wharves and loaded the sheep in defiance of the unions.

Farmers have also seen a major outlet for their lamb wrecked, at least temporarily, by the strife in Iran.

But these problems have been totally overshadowed in the second half of 1978 by a return to a good season in most farming districts of Western Australia.

Quite suddenly the depression and stagnation evident in many areas has been lifted and the farmers are looking to the immediate future in expectation of considerably improved returns.

For most farmers of Western Australia it has been a happy Christmas period as they harvest what is expected to be the best wheat crop in the state's history and see in the media a series of bullish predictions about the outlook for other major products like wool and beef.

The present wheat harvest will immediately inject about $315m into the rural economy with a first advance payment of $75 a tonne on a total yield estimated at 4.2m tonnes.

The wheat harvest is a most important if volatile income factor in the West Australian economy.

In the past five years the gros value of the crop has fluctuated violently—from $109m in 1972-73 to $461m the next year. Then it went back down to $361m, up to $427m in 1975-76, only to move way down again to $290m in 1976-77. Fluctuating prices have been one cause of this movement; but seasonal variation has been the dominating factor.

Such seasonal variation is not in keeping with the long-term trend in Western Australia, normally an area of consistent and reliable winter rainfall.

Despite the massive mineral developments of the 1960s and 1970s, there is a strong argument that says that rural industry remains Western Australia's most important income-earner in terms of general community benefit.

In gross value terms there is little between agriculture and mining, both earning the state around $1,100m annually, but as opposed to mining the state's agriculture is very largely in the hands of Western Australians and its earnings flow directly back into the local community.

The imminent boost in rural incomes will therefore be felt right through the Western Australian economy and, more particularly, in industries servicing agriculture. This applies especially to such sectors as farm machinery manufacturers who will receive a much-needed fillip as farmers take on capital expenditures deferred in previous years.

The more confident outlook of Western Australian farmers is in no way better exemplified than by the renewed clamour for farmland.

While the farmland price movements in some areas are reminiscent of the halcyon days of the 1960s, thre is a lot that is different about the situation today.

The demand is not being influenced to any major degree by overseas, interstate or city-based investors. It is the existing full-time farmer who is at the forefront of the buying demand.

The land most keenly sought is not the undeveloped, light sandy areas which were the focal point of the massive developments of the 1960s, but the good, long-developed country in safe grain and grain-stock areas.

The best of this type of land is now bringing up around $500 a hectare, probably twice the price of five years ago.

The demand for land is such that pressure is mounting for release of new areas of crown land on the fringes of the wheatbelt, land that has attracted very little interest since the late 1960s when Western Australia's great land boom ended.

But the present movement does not signal a return to the massive new land releases of the 1960s.

Western Australia still has millions of acres of land capable of development.

However, the economic factors involved in bringing such land into productivity are such that it is no longer feasible to settle new farmers in these areas.

It is far more likely that if new areas are to be developed it will be by established farmers seeking to expand their holdings.

Advantages

With the renewed demand for developed farmland is coming a heightening of the trend towards bigger holdings, because of the demonstrable economic advantages of the more substantial properties.

Typically what is happening in many areas is that a medium size property tending towards a sub-economic size is sold in parts to several neighbours, thus increasing the size of these properties to more economic levels.

An economic survey by the Department of Agriculture on farms in the state's eastern wheatbelt has indicated the advantages of bigger properties, not only in terms of gross return but also in returns per hectare.

The hypothetical "typical" property in the survey, with 2,000 hectares of cleared land, cropping 950 hectares a year and running 2.5 dry sheep equivalents per hectare on the pasture area had a gross income of $42.96 per hectare, a total cost of $33.62 and a net income of $9.34 a hectare. In this category, real farms (one with 1,600 hectares cleared, another with 1,880 hectares cleared) showed incomes of $9.65 and $7.95 per hectare respectively.

In the same survey however, one farm with 5,880 hectares cleared, another with 5,620 hectares cleared had net incomes $14.49 and $13.24 per hectare, respectively.

This survey also once again pointed up the somewhat meagre return to capital on a typical wheat sheep farm in the state's eastern wheatbelt. The value of farm assets was $430,000, the return to capital, before tax $18,670, the percentage return to capital 4.3 per cent, a figure somewhat incongruous against today's *high* demand situation for this same farmland. However, overriding this low return to capital is a long history of strong capital gain on Western Australia's farmlands.

The more confident attitude of Western Australian farmers today is not simply a result of the joy of a good season and heavy-headed wheat crops.

The state's cattle industry, in the doldrums for some years, is enjoying improving returns. Prices for some types of beef have doubled in the past 12 months and the firming trend is predicted to continue in 1979, under the impact of rapidly improving export conditions. Australia already has a record beef export quota to America of 366,000 tonnes for 1979 and the quota could go even higher.

It would be no surprise to see beef prices firm another 30 to 50 per cent this year.

The sheep industry is stable and profitable, with wool prices maintaining good levels and strong demand for Merino type lambs for meat, and for shipping wethers.

Tariff

The solid situation of the wool industry is reflected in the Stud Merino Industry, with breeders meeting a strong demand for rams and ewes.

The Australian Bureau of Agricultural Economics has predicted a 10 per cent average increase in wool prices over the next 12 months. This was before the good news that the U.S. import tariff on Australian wool would be cut 60 per cent.

Returns to the state's coars grains producers are bein affected by a general worl oversupply situation, but price in the coming year should a least be on a par with the las 12 months.

Prospects are even lookin brighter for the Ord River irri gation scheme in the far north till now a white elephant o enormous proportion and hor rendous cost.

Incongruously, the latest hop of the scheme is rice, one of the first crops grown on the Or some 16 years ago and rejecte not long after as "an economi failure."

But with new varieties and good recent yields, hopes are high for large scale commercia plantings from now on. How ever this will depend largel on development of outlets othe than the limited local market

Since rice was first rejecte as a commercial proposition, a host of different crops have been held up as the economi salvation of the scheme, but on after the other they have falle by the wayside either becaus of pests, market turnabout o simply because of the force working against the production of agricultural products in a *high cost, underserviced en*vironment remote from the mar ket place.

Today, however, prospects fo crops, like rice, sugar, sunflowe seeds and peanuts are hopeful, though a lot more than pros pects is needed before the widely held scepticism about the scheme will being to disappear

C. W. Quin

Alumina processing

ALUMINA IS playing a big part in Western Australia's scenario for recovery. South of Perth, two new refineries are on the way; in the far north another is planned as part of an ambitious bauxite-based development. These will involve $1bn in mid-term investment, at least as much again longer term. But the price is a trade-off at several levels, and on the political plane, gathering clouds challenge the whole concept *of growth* that has made Western Australia a force in the world's resources industry over the past 20 years.

Alcoa of Australia operates two alumina refineries and has started work on a third, at Wagerup; all three locations are within 140 km of Perth in the more heavily populated south-west. A further 60 km south, at Worsley, just out of the coal-mining town of Collie, the Alwest group led by Reynolds Metals is proposing a plant to produce initially an annual 1m tonnes of alumina, five times Worsley's start-up output.

The other project centres on Mitchell Plateau, on the Kimberley coast, where Alumax holds title to bauxite reserves ultimately depicted as the basis for a total resources development. This would involve a bauxite mine, alumina refinery and perhaps aluminium smelter, fuelled by indigenous petroleum or even tidal power. But because the population of this Tasmania-sized block of country is only about 16,000, many of them Aborigines, a new infrastructure would have to be created, its costs shared with ventures to produce and process forestry, fisheries and farming products.

At least that is how Mr. Ian MacGregor regarded the scheme as chairman and chief executive of Alumax partner Amax — virtually the genesis of a whole new region. Since then mining has lost its euphoria and aluminium its impressive growth rate. The billion-dollar Mitchell Plateau dream is being kept alive by the mundane expedient of trying to get the cash flowing by selling high-grade bauxite for refractory bricks — and even this is proving harder than expected.

Less dramatically, the alumina projects south of Perth have been suffering their own frustrations. Worsley has been edging forward since 1962. In 1969 BHP and Mr. Rupert Murdoch's News formed Alwest and introduced Reynolds. There was an attempt two years ago to push Alcoa and Reynolds together to satisfy their demand for alumina using Alcoa's bauxite reserves. Anaconda has been in and out of the Alwest equity negotiations. And partners at this stage are Reynolds, Billiton, and Kobe Steel, with BHP expected to take up the required Australian equity, although this implies a commitment to the production of aluminium metal; the return on alumina is considered too low to justify investment, and profitability improves sharply in an integrated ore-to-metal network.

Alcoa produces about one-eighth of the world's alumina, an annual 3.4m tonnes, from its Kwinana and Pinjarra plants. Western Australian operations began after Western Mining introduced the low-grade Darling Range bauxite deposits to the Aluminium Company of America in 1961, retaining 49 per cent for itself and its Collins House stablemates, BH South and North BH.

And this was the classical deal that has characterised the state throughout its 150-year history — access to resources in consideration for the capital and, often more important, the technology to develop them. It is one of four areas of trade-off that have come under such increasingly searching scrutiny that the political aspects of this industry have become the weakest link in the bauxite-alumina-aluminium chain. The others are environmental compromise in consideration for jobs; below-market royalties for growth; and consequently a leaning towards the "north" in the so-called "north-south dialogue."

Intervention

While trying to buttress prices by federal intervention in the iron and coal marketplace, in alumina Australia has recently opted for going it alone and undercutting International Bauxite Association prices, thus placing itself in the camp of the multinationals rather than of the resource producing nations. Similarly, Western Australia can hold its place as perhaps the best place in the world to invest in new alumina capacity only by the world's lowest royalties offsetting a cost structure which is among the world's highest.

As the article on petroleum in this survey explains, environmentalists have found bauxite mining to be a vulnerable spot in the growth-oriented economy. "Stop Bauxite Mining" car stickers rival similar anti-uranium ones. At the legislative level the campaign has failed, and most Labor opposition parliamentarians recognise that when job opportunities and ideology conflict in times of such high unemployment, ideology loses votes. But with schools for passive resistance being run and publicised, and the fruits of the last growth phase proving bitter, particularly to the young unemployed, the protest is far from over.

Perth's mild summer has removed the immediate fear of water shortages which have been exploited by claims that bauxite mining makes drinking water salty. The fungus "die-back" was killing off forests long before mining accelerated its effect; the esoteric jargon of such "scientific" conflict has become adopted by people who wouldn't know a jarrah tree from an elm. But Alcoa is taking it seriously enough to have initiated a hearts-and-minds campaign, shedding corporate reticence to take busloads of 1,000 people a week through the pleasant greenfield site at Pinjarra and around nurseries and new bushland on mined-out areas.

Alcoa's Wagerup has cleared all other political hurdles and is committed to starting production within three years. Mainly to keep its options open in case of a slump in the aluminium market, the main jobs are filled as late as possible. Although Alwest has yet to finalise Worsley's environmental and equity packages, the Government has been assured that building will start late this year to honour the commitment to start producing in 1982. This being so, the spinoff will be an important and timely boost to Perth's engineering and construction sectors. But the aluminium saga has included too many frustrating chapters for the planners to base firm decisions on any quick and trouble-free conclusion.

D.L.

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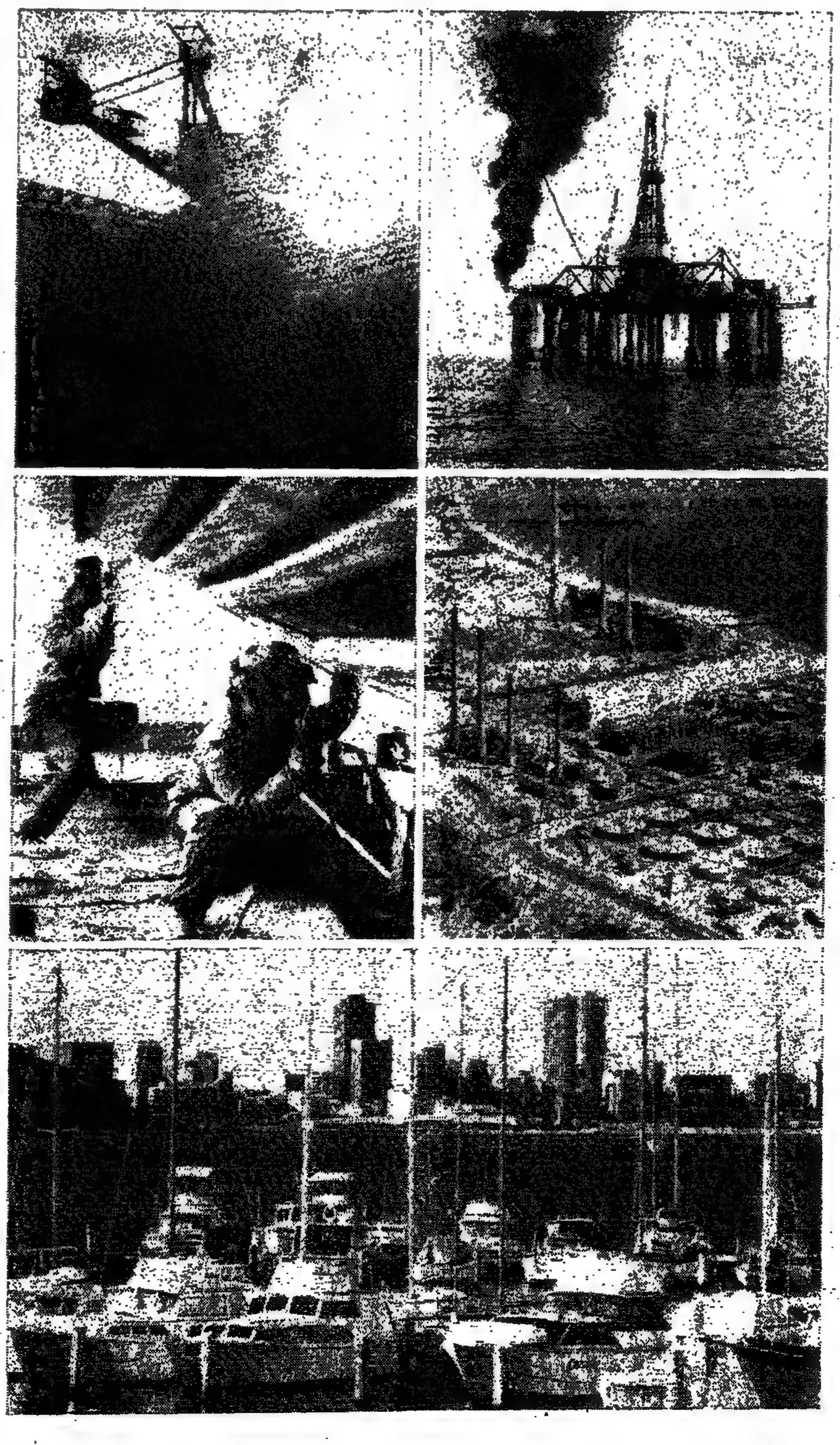

Australia's largest ever resource development project is entering its final planning stages—the $3000M North West Shelf gas fields.

Huge as it is, the natural gas project is only one of several projects that will take place during the 1980's A further $7000M will be invested in iron ore, alumina, nickel, uranium, coal, mineral sands, solar salt—and oil.

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Department of Industrial Development,
32 St. George's Terrace, Perth, 6000
Western Australia
Telephone 325 0471. Telex AA93780
OR,
Agent General for Western Australia,
115 Strand, London WC2R OAJ, England.
Telephone 01-240.2881. Telex 25595.

DEPARTMENT OF INDUSTRIAL DEVELOPMENT
WESTERN AUSTRALIA

DID5481

BUSINESSMAN'S DIARY

UK TRADE FAIRS AND EXHIBITIONS

Date	Title	Venue
Current	British Toy and Hobby Fair (01-707 7127) (until Jan. 31)	Earls Court
Current	Lightshow '79 (0248 88396) (until Feb. 1)	Olympia
Jan. 30—Feb 1	Fancy Goods and Gift Trade Fair (041-334 9149)	Cumberland Hotel, W1
Jan. 31—Feb. 2	Microsystems '79 (0483 31261)	West Centre Hotel, London
Feb. 4—8	International Spring Fair (01-499 7324)	Exbn. Centre, Birmingham
Feb. 5—9	AMEME: Coal Preparation Plant Exhibition (061-832 6541)	Exbn. Centre, Harrogate
Feb. 6—8	London Catering Fair (0428 52785)	New Horticultural Hall
Feb. 7—8	CBMPE London Exhibition (01-637 8341)	West Centre Hotel, London
Feb. 9—10	Cruft's Dog Show (01-493 6651)	Earls Court
Feb. 13—15	Catering, Licensed Trade, Hotel and Club Exbn. (0202 21812)	Falcon Rooms
Feb. 18—22	International Men's and Boy's Wear Exhibition IMBEX (021-705 6707)	Olympia
Feb. 19—22	Photography at Work Exhibition (01-688 7788)	Wembley Conference Centre

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Current	International Sweets and Biscuits Fair (01-409 0956) (until Feb. 2)	Cologne
Feb. 6—9	AIRMEC 79—The Aircraft Maintenance Men's Exbn. (St. Albans 63213)	Zurich
Feb. 8—18	International Motor Show	Amsterdam
Feb. 10—16	International Toy Exhibition (01-439 3964)	Paris
Feb. 11—14	Canadian Hardware Show (021-455 9600)	Toronto
Feb. 20—25	Agricultural Profile Systems Exhibition (St. Albans 63213)	Basle

BUSINESS AND MANAGEMENT CONFERENCES

Jan. 29	Investment and Property Studies: The Advantages of Unlimited Companies for the Professional Practice (01-242 2481)	Royal Lancaster Hotel, W2
Jan. 29—Feb. 1	IPM: Foundations of Good Industrial Relations (01-387 2844)	Whites Hotel, W2
Jan. 30	Executant Conferences: Product Liability (0494 33171)	Bull Hotel, Gerrards Cross
Jan. 30—31	FT Conference: Business in the Gulf (01-236 4382)	Grosvenor House, W1
Jan. 31	GGC: Minimising Tax Series 1979—Working Abroad (01-222 6362)	Portman Hotel, W1
Feb. 1	BCPA: Unfair Dismissal (01-405 1023)	Waldorf Hotel, WC2
Feb. 1	CCC: Minimising Tax Series 1979—VAT	Portman Hotel, W1
Feb. 1—2	Oyez-IBC: Design Liability in the Construction Industry (01-242 2481)	Hilton Hotel, W1
Feb. 3—4	Development Board for Rural Wales: New Small Businesses (0686-26965)	Llandrindod Wells
Feb. 4—9	University of Bradford Management Centre: Industrial Relations Negotiation (Bradford 42299)	Heaton Mount, Bradford
Feb. 4—23	Cranfield School: Young Managers Course (0234 751122)	Cranfield, Bedford
Feb. 5	Oyez-IBC: Advertising to Doctors and Dentists (01-242 2481)	Royal Lancaster Hotel, W2
Feb. 5	IPM: Unfair Dismissal—everything you wanted to know but were afraid to ask (01-387 2844)	Dragonara Hotel, Bristol
Feb. 5—8	Charterhouse Management: Finance for the Non-Financial Director (01-606 0121)	St. Ermin's Hotel, SW1
Feb. 5—6	Institution of Mechanical Engineers: Engineer and Society (01-839 1211)	Whites Hotel, W2
Feb. 5—9	IPM: Selecting the Right Candidate (01-387 2844)	Odeon, Marble Arch, W1
Feb. 6	Abacus: Rent Reviews and Renewal of Leases (07782 4471)	Kensington Palace Hotel, W8
Feb. 6	Business Perspectives: China's Industrialisation—the role for Britain (01-589 3197)	Grosvenor House Hotel, W1
Feb. 6	BACIE: The Qualification Jungle (01-942 6641)	Park House, W4
Feb. 6	ASM: The Legal Implications of Engineering Contracts (01-385 1992)	Royal Automobile Club, SW1
Feb. 6—8	RRG: Managing the Risk (01-236 2175)	Marriott Hotel, Amsterdam
Feb. 6—7	The Henley Centre for Forecasting: Practical Training in Forecasting (01-251 3841)	Carlton Tower, W1
Feb. 6—8	ASM: Project Management (01-385 1992)	Piccadilly Hotel, W1
Feb. 8	U.S. Expatriate Taxation: Workshop (01-606 5531)	Piccadilly Hotel, W1
Feb. 8	Oyez-IBC: Fringe Benefits for Directors and Executives (0793 41881)	Royal Lancaster Hotel, W2
Feb. 8	ILP: Licensing Products and Processes—Protection and Profits (01-586 1814)	St. Ermin's Hotel, SW1
Feb. 8—9	Brunel Institute: Identifying Training Needs for Managers and Professionals (0895 56461)	Post House Hotel, Heathrow
Feb. 8—9	Reading University: Small scale energy for developing countries (0734 85123)	Reading University
Feb. 9	Oyez-IBC: The Fourth Channel—and the development of Commercial Television in the United Kingdom (01-242 2481)	Europa Hotel, W1
Feb. 12—23	CEI: International Financial Management Seminar (022 471133)	Hong Kong
Feb. 12—13	CRC: The Future of the Rural Community Conference (01-486 1951)	Cafe Royal, W1
Feb. 12—16	CBO: Reliability Engineering, Advanced Technology and Industrial Applications (010-139020)	Rotterdam
Feb. 14	Marchmount Conferences: Personal Tax Savings for Directors (01-491 7812)	[illegible] Hotel, W1

Parliament business this week

TODAY

COMMONS—Price Commission (Amendment) Bill, second reading. Motion on the Wireless Telegraphy (Broadcast Licence Charges and Exemptions) (Amendment) Regulations.

SELECT COMMITTEE—Expenditure. Education, Arts and Home Office sub-committee. Subject: Women and the penal system. Witnesses: Conference of Chief Probation Officers; Prison Officers Association. (Room 15, 4.15 pm.)

TOMORROW

COMMONS—Countryside Bill, second reading. Remaining stages of the Estate Agents Bill and of the Public Lending Right Bill.

LORDS—Motion to approve the Misuse of Drugs Act 1971 (Modification) Order 1978. Debate on the relations between the UK Parliament and the European Parliament after direct elections. Debate on the need to increase the National Insurance Death Grant.

SELECT COMMITTEE—Nationalised Industries. Sub-committee D. Subject: Consumers and the nationalised industries. Witness, Mr. Roy Hattersley, the Prices Secretary. (Room 8, 4 pm.)

WEDNESDAY

COMMONS—Price Commission (Amendment) Bill, committee and remaining stages.

LORDS—Debate on the need for state aid to political parties. Debate on the need for shorter speeches in Lords debates. Criminal Evidence Bill, second reading. Debate on the need for the re-organisation of the Home Office in relation to penal matters.

THURSDAY

COMMONS—Motion to appoint Joint Committee on the special Commission on oil sanctions.

LORDS—Debate on the report of the Select Committee on the Foreign Boycotts Bill.

SELECT COMMITTEES—Nationalised Industries, Sub-committee D. Subject: Consumers and the Nationalised Industries. Witnesses: National Consumer Council. (Room 6 10.45 am). Expenditure, General sub-committee. Subject: The Public Expenditure White Paper. Witnesses: H.M. Treasury. (Room 8, 4.15 pm). Trade and industry sub-committee. Subject: Domestic Air Fares. Witnesses: Shetland Islands Council. (9.30 am Bridge House, Inverness).

FRIDAY

COMMONS—Private Members' Bills.

WEEK'S FINANCIAL DIARY

The following is a record of the principal business and financial engagements during the week. The Board meetings are mainly for the purpose of considering dividends and official indications are not always available whether dividends concerned are interims or finals. The sub-divisions shown below are based mainly on last year's timetable.

TODAY

COMPANY MEETINGS—

Borthwick (Thomas), Butcher's Hall, 87, Bartholomew Close, E.C., 12.

Sotheby Parke Bernet, Main Gallery, 34-35, New Bond St., W., 4.30.

BOARD MEETINGS—

Finals:

Abbey Panels

Interims:

Country and New Town Properties

Gaunt (Rowland)

Midland Trust

DIVIDEND & INTEREST PAYMENTS—

African Dev. Bank Floating Rate 1983 $46.78

Bank of Nova Scotia, 29 cents

Blantyre Tea 2p

Canadian Imperial Bank of Commerce 40 cents. Do. Pro-rata to amount paid up

Canadian Pacific 60 cents. Non-Cum. Pf. (C.3) 2pc. Non-Cum. Pf. (C.100) 2pc. Interchangeable trans. 2pc

Causton (Sir Joseph) 1p

Clarke Nickolls and Coombs 1p (inc. supp. dist. of 0.0102p 1977)

Cooper (Frederick) 0.786p

Ecbro 2.27p

Hall (Matthew) 2.0466p (inc. supp. dist. of 0.0066p 1977)

Hunslet 2.974989

London and Northern 1.25p

Paginton-Hattersley 3.55p

Petbow 1.542675p inc. supp. dist. of 0.042675p (31.3/78)

Rediffusion Television 5.95pcPf. 2.975pc

Smith (W. H.) A Ord. 0.793p (inc. supp. dist. of 0.0226p 28/1/78). B Ord. 0.1586p (inc. supp. dist. of 0.00452p (28.1.78)

Southern Kinta Cons. (M) Berhad 60 cents

Tunnel B Ord. 4.1155p (inc. supp. dist. of 0.1155p 28/3/78)

Vaux Brews. Dbs. 3¼ 3¼pc

Warwick Eng. Ln.Stk. 4pc 31/1/79 £3.6751

Wellingborough 7pcBds.

Weswick Prods. 1.25p

Westinghouse Brake 1.4443p

Wolseley-Hughes 6pcPf. 2.1pc. Db.Stks. 3½. 5pc

THURSDAY, FEBRUARY 1

COMPANY MEETINGS—

Akroyd & Smithers, 2-6, Austin Friars, E.C., 12.30

Bockhouse, Victoria Works, Hill Top, West Bromwich, 12.00

Trans-Oceanic Trust, 120, Cheapside, E.C., 10.30

BOARD MEETINGS—

Finals:

Lonsdale Universal

Trust Houses Forte

Interims:

Garnorth-Lilley

Kuala Kellas Rubber Estates

Longton Transport

Malaysia Rubber

Newmark (Louis)

Steinberg Group

Wholesale Fittings

DIVIDEND & INTEREST PAYMENTS—

Aberdeen Gas Anns. (18/2)

Airfix Ind. 1.3779p

Allsopp 0.35p

Alliance Inv. Db. 3pc

Allied London Prop. Ln. 3pc

Alnwick variable rate 28/1 £5.5625. variable rate 28/1 £5.5625

American Trust 3pc Pf. 1.75pc

Aquascutum and Ass. 7½pc Pf. 2.625pc

Arlington Motor Hldgs. 2.5p

Atlantic Assets Tst. 5pc Pf. 1.75pc

BBA Go. 5pc Pf. 1.75pc

Bass Charrington 4.3p

Boothain 9.5p

Birmingham 9¼pc Red. 4⅝pc. 7¼pc Red. 3⅝pc

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March 1st, 1979

in accordance with the terms and conditions of the Trust Deed dated March 1st, 1972.

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[illegible] Bank Nederland N.V.

Bank Mees & Hope NV

in Amsterdam

and

B[illegible] [illegible]mbourg S.A.

in Luxembourg.

January 22nd, 1979

29 January:

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Since 1563, the year of its foundation, San Paolo has gone a long way. From a regional bank to one in continual expansion throughout Italy, San Paolo is now one of the primary Italian credit institutions (with deposits and capital funds of 12.500 and 441 billion Lire respectively) and one of the most advanced European banks in terms of operations, technical specialization and modern efficient organization. Furthermore, San Paolo is also one of the most active banks in the international markets. This is why we have expanded our Frankfurt Representative Office into a full branch which will enable us to offer a wider banking service in Germany and increase our ability to provide comprehensive financial, commercial and technical assistance both in Italy and abroad.

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CONTRACTS AND TENDERS

THE TECHNICAL COMMITTEE THE SAUDI ARABIA-BAHRAIN CAUSEWAY

RIYADH-SAUDI ARABIA

The Technical Committee for the Saudi Arabia-Bahrain Causeway invites international contractors and consortia to prequalify for the construction of a 25 km long causeway connecting the coast of the Kingdom of Saudia Arabia with the coast of Bahrain. The work comprises the construction of a dual carriageway of four traffic lanes and two emergency lanes over 12 km of steel bridges, 10 km of embankments, and 3km of roadway on the island of Umm Nasan.

Contractors wishing to prequalify for this project should apply for a project description and a prequalification questionnaire at either of the two following addresses from Rabi Awal 6 to 20, 1399 (February 3 to 17, 1979) during official business hours.

1. The Technical Committee for the Saudi Arabia-Bahrain Causeway c/o Deputy Minister of Finance and National Economy for Budget and Organisation Affairs, Ministry of Finance, Riyadh, Kingdom of Saudia Arabia.
2. Saudi Danish Consultants, Vester Farimagsgade 41, DK 1501, Copenhagen V, Denmark.

The completed questionnaire with supporting documents shall be received not later than 12 o'clock noon on Rabi Thani 21, 1399 (March 19, 1979).

The following criteria will be used for evaluation of applications for prequalification:

1. Technical capacity, experience, completed and current project of a similar nature, equipment, and staff.
2. Financial capacity.

The Technical Committee will not reveal its reasons for accepting or rejecting any application.

Contractors who have been prequalified will be invited to tender for a single contract for the entire project in accordance with a detailed design prepared by the consultants.

Prequalified contractors will be permitted to submit tenders based on alternative designs together with their tenders for the consultants' design. However, the committee will only consider the bid for an alternative design, if any, offered by the contractor who is successful in the bidding based on the consultants' design.

Any query shall be addressed to the consultants in ample time prior to the date of submission.

REPUBLIC OF ZAMBIA

MP/PTC/232:

SUPPLY OF MOTOR VEHICLES

Tenders are invited for supply and delivery of Motor Vehicles to the Posts and Telecommunications Corporation, Ndola.

(a) Trucks for Payload of 7,000 Kgs.
(b) Trucks for Payload of 4,000 Kks.
(c) Vans Panel for Payload of 750 Kgs.

2. Prices must be quoted in Zambian Currency and other details are to be stated exactly as set out in the tender form.
3. Tender documents may be obtained on application from the Secretary, Central Supply and Tender Board, P.O. Box 1009, Lusaka, to whom tenders must be submitted in accordance with the General Instructions contained in the tender documents.
4. Firms offering prices for stocks held within the Republic of Zambia must quote on F.O.R. Ndola basis: and those offering prices for stocks held outside the Rebulbic of Zambia including firms quoting from abroad must quote C & F Ndola basis only.
5. Delivery period from date of receipt of order must be stated.
6. The closing date for the tenders to be submitted in accordance with attached General Instructions to tenderers is 1[illegible]th February, 1979.

G. D. S[illegible],
SECRETARY,
CENTRAL SUPPLY AND TENDER BOARD

CONTRACTS AND TENDERS

For further details contact:

FRANCIS PHILLIPS on 01-248 8000 Ext. 456

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ART GALLERIES

HAMILTONS, 13, Carlos Place, W.1. Tel. 499-9493-4. Mon.-Fri. 9.30-5.30. Sat. 10-1. First comprehensive exhibition of BRITISH AIRBRUSH ARTISTS continues until February 10.

REDFERN GALLERY. DAVID EVANS. Watercolours 1978. January 30th-February 28th. 20, Cork Street, London, W.1. Mon.-Fri. 10-5.30. Sats. 10-12.30.

AGNEW GALLERY, 43, Old Bond St., W.1. 01-629 6176. 106th ANNUAL WATER-COLOUR EXHIBITION. Until 25 February. Mon.-Fri. 9.30-5.30. Thurs. until 7.

FIELDBORNE GALLERIES, 63, Queens Grove, N.W.8. Telephone 01-586 3600. CONTEMPORARY BRITISH ART. Mon.-Fri. 10-5. Sat. 10.30-1 p.m.

FINE ART SOCIETY, 148 New Bond St., W.1. 01-629 5116. BRITISH ARTS, 18th-20th Century.

FISCHER FINE ART, 30, King Street, St. James's, S.W.1. 01-839 3942. MIXED EXHIBITION including Henry Moore, Paul Klee, Egon Schiele, etc. Mon.-Fri. 10-5.30. Sats. 10-12.30.

CLUBS

EVE, 189, Regent Street. 734 0557. A la Carte or All-in Menu. Three Spectacular Floor Shows 10.45, 12.45 and 1.45 and music of Johnny Hawkesworth & Friends.

GARGOYLE, 69, Dean Street, London, W.1. NEW STRIPTEASE FLOORSHOW "AS YOU LIKE IT" 11-3.30 am. Show at Midnight and 1 am. Mon.-Fri. Closed Saturdays. 01-437 6455.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Shell: out to crack the consumer market

BY JASON CRISP

WHENEVER an oil company displays an inclination to diversify from its mainstream business it is likely to attract considerable attention. Can anyone forget that one day these twentieth century megaliths will run out of their staple raw material?

Shell's cautious step into consumer products has been a discreet move. Temana, the wholly owned subsidiary concentrating on consumer products, has the not inconsequential worldwide turnover of around £100m. Of course, by Shell's standards (turnover £28.5bn) it is a tiddler but one day it will be a material part of the business, according to the hopes of Temana's managing director, Jan Slechte.

Temana's conception dates back to 1972 when an internal Shell study team was looking at consumer products. The actual decision to set up a self-contained subsidiary consumer product company was taken in October 1973 and Temana was born early in the following year.

It is hard to think of a worse time to try and assail the consumer market, when the oil crisis was at its height. Consumer spending was of course sharply down but in addition the whole strategy for breaking into established markets needed to be rethought.

Temana had to tear up the plans by which it had come into existence and start again. Before 1973 it was possible to introduce a new product into an established market; even if there were already a number of competitors, it would still find shelf space in the supermarkets.

After the oil crisis, supermarkets tended to throw out brands in order to expand product ranges and use shelf space more efficiently. "When Temana started the only way to get into a market was to have a product which was perceived to have an advantage over the competition," notes Jan Slechte.

In spite of the inopportune timing of its launch, Temana did not have a completely cold start. Apart from enjoying the obvious benefits of financial backing from the parent company and its extensive research facilities it inherited two existing products already being produced by Shell.

One was the Vapona range of domestic insecticides, based round a flykiller strip which lasted several months. Vapona was a spin off idea from Shell's knowledge of "slow release" technology; after failing to interest any of the companies in the domestic insecticide market, Shell launched the product itself.

The other main product Temana inherited was the Teepol range of detergents which are sold to restaurant chains, canteens and other "institutional" caterers. Although the company was given a flying start Slechte boasts that it has trebled its turnover between 1974 and 1978.

Temana started with an enormous degree of ignorance compared with the opposition, says Slechte, who did not join the subsidiary himself until 1976. Nonetheless, he feels it had three advantages over its competitors. First, it was small and flexible, second, it had the back-up facilities and resources of a very large company when it came to developing a new product. And the third advantage was the quality of its staff, he says.

Although Temana has a high level of autonomy it is dependent on many of Shell's considerable resources, it uses Shell's research facilities, and also its legal, insurance and tax services. The transactions are conducted, however, on "an arms' length basis."

Since it was set up Temana's growth has exceeded 25 per cent per annum, according to Slechte, a rate which he hopes to sustain for anything between another three and five years. Growth, at the moment, is self-financed and the financial parameters set by Shell are not a constraint. Indeed, Slechte says that the parent company is far more interested in seeing it develop as quickly and as sensibly as it can rather than in profitability. He therefore has no hard and fast figure for return on capital with which he has to adhere.

Temana's autonomy is such that the Board, made up of a committee of senior Shell executives, meets only three times a year. At these meetings performance is appraised, budgets set and a general planning review made.

Jan Flechte: Temana's managing director

Temana recruited from outside Shell and sought mainly marketing personnel—the skill not available in the parent company. What surprised Slechte was the ability of Temana to attract "better than average" staff in spite of its inherent disadvantages — the company was an unknown quantity and as a newcomer to the market it made the job notably less secure than ne with an established competitor.

The attractions are twofold. First, the challenge is much greater as new ground has to be broken and, second, achievements are more obvious, and as it is a fast expanding company, new opportunities arise quicker.

The company's strategy has not been to tackle the established giants like Unilever and Proctor and Gamble head on. Although one of the premises which has survived from the original study group's thinking is that to make profits you must plan one day to hold a dominant market position. Ideally you create your own market.

Temana has therefore opted for specialised products where there is a relatively low turnover but a high added value. Household insecticide, Vapona, is a typical example—it is probably only bought for a home at most three or four times a year. Shell's entry into consumer products then, is as a small, growing company winkling its way into specialised markets rather than as an oil giant tackling the consumer companies head on.

Temana's successful new-product complies with this theory. Airbal, a slow release air freshener—nobody could accuse Shell of going for glamour products — was an innovation in the airfreshener market, and uses the same technology as Vapona. Rivalling the air-freshener sprays, which can be rather overpowering, according to Slechte, the slow release Airbal was able to carve its own new niche in the market.

There is, as Slechte points out, a great difference in the attitudes towards marketing between Shell and its new offspring. The parent company will examine its inventions and look at "how we can use them," the problem is tackled in the completely opposite direction at Temana. "In consumer products you look at *needs* first. Three-quarters of new consumer products are created because the consumer needs them and only one-quarter are new inventions," says Slechte. Once Temana has identified a need, it can turn to Shell's research to see if the product is practical.

Although Airbal was a successful product launch, Temana has had its share of disasters. One was a hard surface cleaner with a spray gun which Slechte says was not properly exploited because the company lacked the necessary marketing skills. Another over-ambitious project was an attempt to market a comprehensive pet-care range in 1975. Here the problem was a lack of resources to service the range, which was being sold on allocated racks in supermarkets and needed daily attention.

The lesson learnt, according to Slechte, was not to bite off more than it could chew at the various stages of development.

There have been two significant but small acquisitions in Temana's brief history. The first was Bees, which is in garden seeds, in 1974. The two attractions for Temana were that it added new products to its range and also provided an immediate entry into the garden care market since it came complete with its own distribution and administration. Temana had already identified gardening as a growth area.

The other purchase was a distribution outfit, Harvey Waddington, which mainly takes Temana products to institutional caterers.

Temana does not have its own production capacity, although this is unlikely to remain so for ever. At present overcapacity in the industry makes it economic to contract out manufacture to either Shell subsidiaries or to third parties. Slechte believes it won't be a very big jump into production as the processes are "fairly simple" mixing, filling and injection moulding."

This year Temana plans to test market three new consumer products and one for its catering side. Slechte says that only one in three test marketing attempts, throughout the industry, ever succeed. The hope is, therefore, that at the end of the year Temana will have one new consumer product.

Temana's relevance to Shell has to be seen in the fairly long term. The skills it is gaining in consumer marketing may soon be applied to the selling of non-automotive products in filling stations.

Slechte views the company's development in stages. The first five years have been spent learning the business. "We can say, yes, we have done this reasonably well although the infrastructure is still vulnerable" The second stage, which will last between five and ten years, will be developing the capabilities and skills of the company.

The final stage is its growth into a significant part of Shell "I think Temana will become material, accounting for 10 per cent of the business, in about 25 years," says Slechte.

Diary of forthcoming business courses

The Effective Executive Director, Surrey. March 12-16. Details from Eurotech Management Development Service, PO Box 28, Camberley, Surrey, GU16 5HR.

Matrix Management, Brunel University. February 20-23. Fee: £175. Details from The Secretary, Management Programme, Brunel University, Uxbridge, Middlesex, UB8 3PH.

Senior Executives' Finance Course, Ilkley, West Yorkshire. March 5-9. Fee: £245. Details from Programme Director, University of Bradford Management Centre, Heaton Mount, Keighley Road, Bradford, West Yorkshire, BD9 4JU.

The Skills of Purchasing, Bristol. March 12-16. Fee: £220. Details from Purchasing Economics, Pel House, 35 Station Square, Petts Wood, Kent BR5 1LZ.

Third International Captive Insurance Company Conference, Hamilton, Bermuda. March 20-22. Details from Risk Research Group, Bridge House, 181 Queen Victoria Street, London EC4V 4DD.

French steel shake-up

THE FRENCH special steels industry will soon receive the same purgative treatment as the general steel producers, according to the Manufacturers' Association, writes **Terry Dodsworth.**

The association's statement suggests that plans are well advanced for reorganising the special steels industry, after the restructuring of the general steels sector

It is generally assumed in the industry that special steelmaking facilities will be regrouped. The main special steels producers are Creusot-Loire and Ugine Acier.

EXECUTIVE HEALTH

The hazardous games that people play

BY DR. DAVID CARRICK

THE "Health and Safety at Work Act 1974" is a valuable measure for the protection of the individual from numerous hazards and even if it has created a deal more work for the innocent, plus an inevitable rise in the army of bureaucrats, nobody should carp at its ideals.

Personal observation over a number of years, however, strongly suggests that something similar should be introduced for "Health and Safety at Leisure," because the number and variety of injuries which occur away from work seems to me to exceed greatly the traumas incurred while toiling.

... failed to notice rotten branch

Sea urchins

Over the last few years I have noted some quaint and even bizarre accidents which fall into such a category. A few I have recorded are: "rat-bites (3); mouse-bites (2); dog-bites (7); cat-bites (2); and bites from human, hamster and horse (one from each creature). Injuries associated with *horse-riding* (18); severe bruising due to blow from vexed swan (1); second degree burns from wood-worm killer (1); foreign-bodies in every conceivable part of the body, varying from splinters to lead-shot (innumerable and usually associated with DIY jobs); stings from various insects, sea urchins and jelly-fish (also innumerable)."

Of the more bizarre happenings, I must include the man who was "kicked in bottom by a friend;" a girl who dislocated her thumb "striking a boy-friend" (they are now happily married); a bright but pushy executive "duffed up by angry cabby;" a high-powered promotion expert who, while angling, "caught fish-hook in ear;" an accountant who "broke a leg playing golf" (because, having lost he threw his clubs away then tried to retrieve same from oak-tree and failed to notice rotten branch); a compositor who fractured a leg "tripping over his greyhounds", and, perhaps my favourite, an ebullient advertising man who, while "chasing somebody's dog in a pub collided with a bald-headed man who was similarly engaged, and suffered concussion and a semi-lunar laceration." Odd, but much easier to treat than the broker who, for some extraordinary reason, got a porcine "executive toy" lodged deeply up his nose.

Swollen ear

Less quaint are the many who manage to find sufficient sun to get blistered; and those who suffer from skin allergies from fooling about in the long grass. And I must not omit those who damage themselves in the pursuit of beauty. Infected ear-lobes following piercing, seem to be on the increase. Recently I revealed a lack of knowledge about modern customs to a young woman who brought a much swollen ear to me. One gold sleeper was visible, but a little way below was another hole, very infected. I asked her whether the shop had made a mistake and punctured twice by accident, as the other lobe was innocent of bore-holes. I was told most scathingly that this was the latest fashion. Funny fashion, particularly since I had to send the girl to hospital where they had to use X-rays to locate the missing sleeper.

Injuries from car accidents, varying from serious to small but painful such as "husband slammed door on wife's finger" are common. Boxing injuries are rare but newer crazes bring their toll. One entry is worth mentioning: "Six teeth kicked out in Kung Fu." The sufferer was a young banker—and he was the instructor!

Sport of many kinds brings a variety of injuries to executives and those working for them: to me it brings a hard Monday's work. In the next article I will discuss some aspects with particular reference to games played with racquets, for they are regular all-rounders.

Royal Volker Stevin nv

Rotterdam, The Netherlands

The merger of

ROYAL ADRIAAN VOLKER GROUP NV

and

STEVIN GROEP NV

was completed by way of an exchange of shares on December 1, 1978.

PIERSON, HELDRING & PIERSON N.V.

acted as financial adviser.

The exchange offer was effectuated through the undersigned.

Pierson, Heldring & Pierson N.V.

Amsterdam-Rotterdam Bank N.V.

Algemene Bank Nederland N.V.

Bank Mees & Hope NV

Amsterdam, December, 1978.

Employers

Tomorrow, you could be asked about the Job Release Scheme.

The Job Release Scheme has been extended until 31 March 1979 and now applies throughout Great Britain.

This Scheme offers men aged 64 and women aged 59 on or before 31 March 1979, the chance to stop work up to a year before reaching statutory pensionable age. They'll get £26.50 a week tax-free, and many married people are eligible for £35.

The point is, they can't take advantage of the Scheme without **your** agreement. And if you do agree to allow them to participate, then you must recruit people from the unemployed register to replace them – **though not necessarily for the same jobs.**

As a result of this Scheme, your employees have the chance to stop work up to a year early, which may give you the chance to do a bit of promoting. Above all, you'll be able to take on new staff. Doing that means you're also giving a job to someone who's presently unemployed.

Employees who wish to take part in the Job Release Scheme must apply by 31 March 1979. There'll be advertising in the national press to tell them about it.

Leaflets with full details of the Job Release Scheme are available from any Employment Office, Jobcentre or Unemployment Benefit Office, or ring Eileen Tingey on 01-214 6403 or 01-214 6684 for more information.

Job Release Scheme

Department of Employment DE

IT'S QUICKER BY TUBE with the new pneumatic POSTUBE system from SOVEX MARSHALL

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THIRD ANNUAL REDEMPTION INSTALMENT

(Redemption Groups No. 1 and 4 having fallen due before)

As provided in the Terms and Conditions Redemption Group No. 3 amounting to Dfls 15,000,000 has been drawn for redemption on January 15, 1979 and consequently the Notes belonging to this Redemption Group are payable as from

March 15, 1979

at

Amsterdam-Rotterdam Bank N.V. (Central Paying Office)

in Amsterdam

and

Banque Générale du Luxembourg S.A.

in Luxembourg.

January 16, 1979.

LOMBARD

Herr Otto Poehl, corsetier

BY ANTHONY HARRIS

FOLLOWERS of the Wooster saga will no doubt remember the embarrassing secret of Sir Roderick Spode, would-be political strong man. Jeeves discovered that Sir Roderick had a hidden talent for designing lingerie, which he was putting to commercial use: and Bertie had only to utter the word "Eulalie!" to reduce Spode to a spent force.

I would not expect or wish to undermine Herr Otto Poehl of the Bundesbank in quite such a dramatic fashion. For one thing he is not yet in the corset business, but only yearns to be. However, the English banking corset has always seemed to me aptly named—a device to manipulate the figure without much affecting the reality. Herr Poehl's proposal to control Euromarkets, however it might differ technically, seems to me open to the same objection.

Supervision

The idea that central banks ought to control the apparent creation of liquidity in the Euromarkets has appealed to tidy-minded people for many years. However, central bankers have on the whole limited their interest to purely prudential supervision.

This is partly because they know that it would take only a telephone and a brass plate to set up a new operation beyond the reach of any rules they might devise; but also because many of them are prepared to admit that it is central banks themselves who create the conditions for the growth of Euromarkets. Mr. John Kirbyshire of the Bank of England put it very neatly when he spoke on this perennial subject at a Financial Times conference not long ago. Should central banks be concerned with the operations of Euromarkets? Next time, he suggested, the question might be whether the markets should worry about central banks.

They should indeed. Central banks first create the conditions in which a Euromarket can exist by imposing market-distorting regulations on their domestic banks—exchange controls and indeed the corset in Britain, Regulation Q and the Fed's refusal to pay interest on reserve assets in the U.S., two-tier markets in Belgium, the Bardepot in Germany, and so on. Unless such restrictions exist, there is no motive to move operations offshore.

This is only half the story, though. If offshore banking, which is essentially secondary banking, is to grow, it must also have access to a good, liquid interbank market in the country issuing the currency concerned. There is no such thing as a flourishing Euromarket in a currency which is tightly controlled at home.

This is a matter of common experience. The Nixon squeeze caused temporary havoc in the Eurodollar market, and Mr. Healey, whatever his other failures, has had no problems with Eurosterling since he tightened the rules two years ago. The Euro-DM market, on the other hand, has only taken off since the German money supply was allowed to overshoot. The reason is clear enough. Liquidity creation—borrowing long and lending short—is a risky game unless you either have access to large retail deposits (U.S. banks do most of the multiplying in Eurodollars, and so on) or unless the interbank market is both accessible and liquid.

There are two good ways to ensure this. One is to run a monetary policy based solely on domestic aggregates. This means that any drain of funds, whether across the exchanges or into foreign banking markets, is promptly made good.

Another is to "undermine" your currency deliberately, through determination to prevent it going up. Intervention swells the German money supply; in combination with the Bardepot regulations, the main effect is seen in Euromarkets. If furthermore you pursue two contradictory policies—refusing to allow your currency to be used as a reserve currency, but buying in the dollars which flow from reserve switching in the Euromarkets—you ensure that central bank attempts to diversify their reserves are also intermediated through the Euromarkets. These are the current policies of the Bundesbank.

Inevitable

When Herr Poehl of the Bundesbank talks of controlling the Euromarkets, then, and Mr. Anthony Solomon of the U.S. Treasury agrees, they are in my view nominating themselves for this year's Frankenstein Prize for self-imposed suffering. The Germans admittedly can do only half a job by yielding to the inevitable, and allowing official Deutsche Mark reserve holdings; the pressure originates from U.S. policy errors. It is only because Herr Poehl is a central banker, while Mr. Solomon is not, that I did not call this article the Unwisdom of Solomon.

A question of legislative ambiguity

JUDGES ARE prone—not without reason—to be critical of the draftsmanship of Acts of Parliament. But it must be rare indeed for judges to disagree among themselves about whether the statute under judicial scrutiny is as plain as a pikestaff, or whether the words used are ambiguous and capable of alternative meanings. (Judicial disagreements tend to be over which alternative should be preferred.) Yet that was precisely the fate of the case of the woman teacher, aged 61, who complained that she had been unfairly dismissed by a local education authority.

*Northam v. Barnet London Borough Council** involved the interpretation of a phrase in the recent industrial relations legislation conferring for the first time a right in an employee not to be unfairly dismissed. (Before 1971 an employee was bound by the terms of his contract and if wrongfully dismissed could have brought an action only to receive damages and not to obtain an order or recommendation for reinstatement.)

The legislature, however, excluded employees from that statutory right in a number of situations: the exact words of the statute are cited so as to give the reader a chance to make his own judgment about the extent of such exclusions from that right. The right not to be unfairly dismissed "does not apply to the dismissal of an employee from any employment if the employee—(a) was not continuously employed for a period of not less than 26 weeks ending with the effective date of termination, or (b) on or before the effective date of termination attained the age which, in the undertaking in which he was employed, was the normal retiring age for an employee holding the position which he held, or, if a man, attained the age of 65, or, if a woman, attained the age of 60."

When the case came before the Employment Appeal Tribunal, Mr Justice Kilner Brown (sitting with one lay colleague) said that the words of the statute "are perfectly clear," and that "we cannot see any alternative to the obvious conclusion that there is a double barrier put up against the employee's claim" that there was jurisdiction to decide whether she had been unfairly dismissed. The double barrier referred to was the normal retiring age for teachers (for which there was no evidence that the teaching profession had such a retiring age) and the age of 60 for women. (She was 61 and had passed that upper age limit.)

The Court of Appeal unanimously reversed that decision. Lord Denning particularly castigated Mr. Justice Kilner Brown for having bemoaned the fact that "the duty of making or altering the law is the function of Parliament and is not, as many mistaken persons seem to imagine, the privilege of judges or the judicial tribunals." Lord Denning's sharp retort was: "I heard many such words 25 years ago. It is the voice of the strict constructionist. It is the voice of those who go by the letter. It is the voice of those who adopt the strict literal and grammatical construction of the words, heedless of the construction. Faced with glaring injustice, the judges are, it is said, impotent, incapable and sterile. Not so with this court. The literal method is now completely out of date. In all cases now in the interpretation of statutes we adopt such a construction as will 'promote the general legislative purpose.'"

If the courts do nowadays adopt the teleological approach to the interpretation of statutes, that does not resolve the disparate views judges hold as to the general legislative purpose behind the draftsman's statutory language. Lord Diplock, one of the two dissenters in the Lords, rejected the idea that the legislative purpose would have led to a contrary conclusion. The ordinary meaning and grammatical effect of the words did not lead to a result that was either absurd or unjust. The injustice that had led Lord Denning and his brethren in the Court of Appeal to decide in favour of the teacher was the sex discrimination built into the statute by Parliament, as it has done in the field of pensions and employment rights.

The majority in the House of Lords thought that the wording was anything but clear. In upholding the decision of the Court of Appeal, it did not avert to any questions of legislative purpose so much as decide the case on a preference of two alternative, tenable solutions. Everything turned on the word "or" in the phrase "or, if a man." Was this little word with a big meaning the equivalent of "or in any event," so that in effect one read straight through the paragraph to find three circumstances in which an employee could not claim unfair dismissal on termination of his employment, the three circumstances being (i) the brevity of employment (the 26 weeks qualification); (ii) the passing of the normal retiring age; (iii) the attainment of the age stated (65 for men and 60 for women)? The two dissenters, like Mr. Justice Kilner Brown, considered that was the clear answer which no change in drafting could have made clearer.

The alternative was to regard the word "or" as the equivalent of "or if there be no normal retiring age in a particular case," then and only then would the upper age limits of respectively 65 and 60 become operative. This construction meant that the specific ages were inserted to constitute a limit on the right to claim in cases where there was no normal retiring age and where hence there would otherwise be no time limit.

The reader might at this point feel reasonably confident that Parliament had not in fact made itself abundantly clear on the point of what happened to a woman-employee dismissed from her work in her early 60s. The local education authority's contention would have been correct had the legislature put the issue beyond argument by adding the words at the end, "whichever is the earlier." That effect could likewise have been achieved by breaking up the paragraph into three sub headings, so as to indicate that the upper age limits were truly accumulative barriers and not strict alternative qualifications.

Contrariwise the correctness of the school-teacher's contention could have been put beyond doubt by the simple insertion after the word "or," and before the words "if a man," the words, "if there be no normal retiring age."

Perhaps the clue to the construction of the ambiguity in the legislation is to be found in one simple factor. The local education authority's contention would limit the operation of the reference to normal retiring age to those cases where the normal retiring age for that occupation was *under* 65 for either man or woman. Supposing the normal retiring age for the particular occupation was *over* the age of 65 or 60 (as the case may be): the local education authority's view would mean that the employee would be required to submit to unfair dismissal (without the statutory remedy granted in 1971) when his employment expectations and way of life would be based upon the reasonable assumption that employment would continue to the normal retiring age, if there were one.

One cannot help pointing out that High Court judges do not have statutorily to retire until they are aged 75, although for constitutional reasons they are dismissable only at the will of Parliament. Even if the majority of the Law Lords handed down a decision unacceptable to Parliament, they can hardly have provided a justification for their dismissal before the normal retiring age. Judges, too, have a right not to be unfairly dismissed.

*[1978] 1 W.L.R. 220.

THE WEEK IN THE COURTS

BY JUSTINIAN

RACING

BY DOMINIC WIGAN

Game 13-year-old Brown Lad backed for Gold Cup

WHAT A MYTH was the last Cheltenham Gold Cup winner one could term a veteran, when, as a 12-year-old, he scored in 1969. Now, ten years on, it could again be the turn of the older generation.

The enforced absence of Britain's most exhilerating chasers—eight-year-old Midnight Court and nine-year-old Grand Canyon—puts a new complexion on the race and opens up the clear prospect for such a proven and experienced campaigner as Brown Lad.

The Irish chaser has been in demand during the past few days, some ante-post backers clearly taking the view that his gameness and ability to handle Cheltenham's tricky fences on March 15 may see him mastering the speedier but often error-prone recruits from the ranks of novices.

Brown Lad, due to re-appear in Ireland this week, has twice gone close to landing the great Cheltenham race. Runner-up at five lengths to Royal Frolic when a 10-year-old in 1976, Jim Dreaper's Savajirao gelding occupied the same position last year when going down by seven lengths to Midnight Court.

Although high-class chasers rarely return to the top of the tree after losing their form or being laid off through injury—the saying "They never come back" holds more validity in jumping than in any other sport—Brown Lad has already proved himself an exception.

After a year and a half's absence through heat in a tendon which resulted in his being blistered twice, Brown Lad returned last season to duplicate his finest achievements of the 1975-76 season — victory in the Irish Distillers Grand National and that second-place run in the Gold Cup.

Although easily shaken off for speed by the five years younger Midnight Court in last season's re-arranged April running, Brown Lad accounted for all but an exceptional winner in spite of two major handicaps—an extremely slow pace and absence of the testing gound he now needs.

Should Dreaper's chaser prove good enough on March 15 to make it third time lucky he will return to the most rapturous Irish reception since Arkle toppled Mill House in 1965. He would be the first 13-year-old to land the Gold Cup since the war.

TV/Radio

BBC 1

† Indicates programme in black and white

9.15 am For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill. 1.45 Barnaby. 2.01 For Schools, Colleges. 3.15 Songs of Praise. 3.53 Regional News for England (except London and South East). 3.55 Play School (as BBC 2 11.00 am). 4.20 It's the Wolf. 4.25 Jackanory. 4.40 Playhouse. 5.05 John Craven's Newsround. 5.10 Blue Peter.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide.
6.50 Question of Sport.
7.20 The Rockford Files.
8.10 The White Tribe of Africa.
9.00 News.
9.25 The Monday Film: "The Raging Moon" starring Malcolm McDowell.
11.15 Tonight.
11.55 Weather/Regional News.

All Regions as BBC 1 at the following times:

Scotland—10.00-10.20 am For Schools (Around Scotland). 5.55-6.20 pm Reporting Scotland. 11.55 News and Weather for Scotland.

Wales—1.45-2.00 pm Pili Pala. 4.40 Crystal Tipps. 4.45-5.05 Bobol Bach. 5.55-6.20 Wales Today. 6.50-7.20 Heddiw. 11.55 News and Weather for Wales.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 11.55 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

10.30 am Multi-Racial Britain.
11.00 Play School.
2.15 pm Let's Go.
2.30 The Craft of the Potter.
3.00 That's The Way The Money Goes.
3.30 Delia Smith's Cookery Course.
4.00 Modern Language Teaching.
5.35 News on 2 Headlines with sub-titles.
†5.40 Charlie Chaplin in "One a.m."
6.10 See: Creatures Of The Red Sea.
6.25 Cricket: Fifth Test — Australia v England (highlights).
6.55 The Water Margin.
7.40 In The Past.
[illegible] Mid-Evening News.
8.15 The Mari Caine Show.
9.00 Monty Python's Flying Circus.
9.30 The Body In Question.
10.20 Arena.
[illegible] Late News.
11.35 Tele-Journal.
12.00 Closedown (Reading).

LONDON

9.30 am Schools Programmes. 12.00 The Wotsit From Whizz-Bang. 12.10 pm Pinkins. 12.30 The Cedar Tree. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 About Britain. 2.00 After Noon Plus. 3.20 Raffles. 4.20 Clapperboard. 4.45 The Tomorrow People. 5.15 Batman.

5.45 News.
6.00 Thames At 6.
6.35 Crossroads.
7.00 The Ken Dodd Laughter Show.
7.30 Coronation Street.
8.00 Feet First.
8.30 World In Action.
9.00 Danger UXB.
10.00 News.
10.30 The Eamonn Andrews Show.
11.30 Rafferty.
12.25 am Close: A painting by Breughel with Rennaissance music.

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 2.00 Houseparty. 2.25 Monday Film Matinee: "They Call It Murder." 5.15 University Challenge. 6.00 About Anglia. 10.30 Max Miller—The Cheekie Chappie. 11.15 Monday Feature Film: "Crime Club." 12.40 am Reflection.

ATV

1.20 pm ATV Newsdesk. 5.15 Oh No! It's Selwyn Froggitt. 6.00 ATV Today. 10.30 Left, Right and Centre. 11.00 Our People. 11.30 Barnaby Jones.

BORDER

†1.20 pm Border News. 2.00 Houseparty. 2.25 Matinee: "A Patch of Blue." 5.15 University Challenge. 6.00 Lookaround Monday. 6.20 Cartoon Time. 11.30 Pro-Celebrity Snooker. 12.15 am Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 2.25 Monday Matinee: "Death Be Not Proud." 5.15 University Challenge. 6.00 Channel News. 6.10 Spiderman. 10.28 Channel Late News. 10.32 Country Style. 11.00 Monday Night Feature: "Made In Heaven." 12.25 am Channel Gazette followed by news and weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm Grampian News Headlines. 5.15 University Challenge. 6.00 Grampian Today. 6.05 The Electric Theatre Show. 10.30 Reflections. 10.35 Feature Film: "Where the Bullets Fly." 12.10 am Grampian Late Night Headlines.

GRANADA

1.20 pm Dodo. 2.25 Monday Matinee: "Dawn: Portrait of a Teenage Runaway." 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Happy Days. 10.30 Reports Politics. 11.00 Mystery Movie: McCloud.

HTV

1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Report West. 6.22 Report Wales. 10.35 The Monday Film: "The Fox" starring Keir Dullea, Anne Heywood and Sandy Dennis.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 pm Penawdau Newyddion y Dydd. 2.00 Hamdden. 2.25-3.20 After Noon Plus. 6.00-6.22 Y Dydd. 8.30-9.00 Yr Wythnos.

HTV West—As HTV General Service except: 1.20-1.30 pm Report West Headlines. 6.22-7.00 Report West.

SCOTTISH

1.25 pm News and road and weather. 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 6.20 Crimedesk. 6.30 Sale of the Century. 10.30 Home and School. 11.00 Late Call. 11.05 The Detectives: Columbo.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 2.25 Monday Matinee: "The Spirit Is Willing" starring Sid Caesar. 5.15 Sinbad Junior. 5.20 Crossroads. 6.00 Day by Day. 6.45 Dick Barton—Special Agent. 10.30 Southern News Extra. 10.35 Star Treatment. 11.05 Barnaby Jones. 12.05 am Farm Progress.

TYNE TEES

9.25 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 2.25 Family. 3.20 Generation Scene. 3.35 Cartoon Time. 3.50 Lassie. 5.15 University Challenge. 6.00 Northern Life. 11.30 Winners and Losers. 12.00 Epilogue.

ULSTER

1.20 pm Lunchtime. 2.25 Keep Up With Yoga. 2.55 The Friends of Man. 4.18 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 10.30 Review. 11.00 Hawaii Five-O. 11.50 Bedtime.

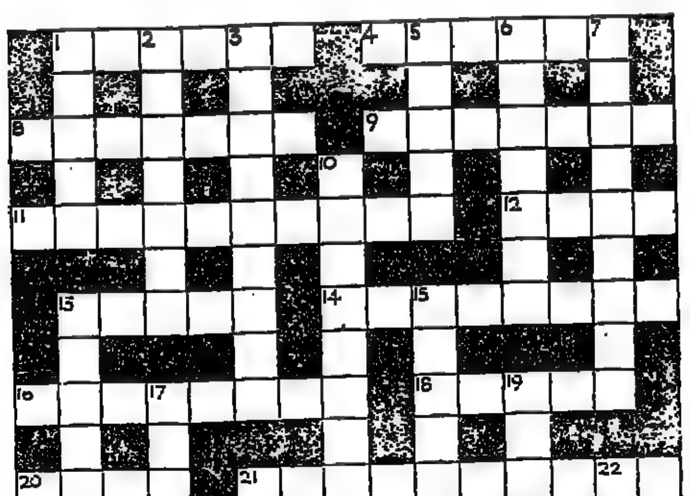
WESTWARD

12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 2.25 Monday Matinee: "Death Be Not Proud." 5.15 University Challenge. 6.00 Westward Diary and Sports Desk. 10.28 Westward Late News. 10.30 Country Style. 11.00 Monday Night Feature Film: "Made In Heaven" starring David Tomlinson. 12.25 am Faith for Life. 12.30 West Country weather, shipping forecast.

YORKSHIRE

1.20 pm Calendar News. 2.25 Monday Matinee: "Nothing But The Best." 4.15 Cartoon Time. 5.15 University Challenge. 6.00 Calendar (Emley Moor and Belmont editions). 10.30 Pro-Celebrity Snooker. 11.15 Twist in the Tale.

F.T. CROSSWORD PUZZLE No. 3,883



ACROSS

1 Advice to a young man with a hint of finality (2, 4)
4 Turn up with swell disconcerted (3, 3)
8 Dogfish has game on ice (7)
9 Romance? It isn't true (7)
11 Dark founder for an iron-worker (10)
12 Half-a-dozen going to South Africa need passport endorsement (4)
13 Bird finds the Navy full of charm (5)
14 Provider of food for Friar's dance (8)
16 Dislike expressed by the staid set (8)
18 Poplar sailor goes to the Spanish quarter (5)
20 One must include the right measure long needed in the London street (4)
21 A sport, but rather impish after 13 across (10)
23 Manage to pass round the badly torn interior (7)
24 Where negative results are seen published (2, 5)
25 Baptist found in The Plough (6)
26 Savoury expression to make a happy picture (6)

DOWN

1 Edible punishment (5)
2 Hopes to scout a young animal (4, 3)
3 What people do at informal concerts (4-5)
5 Set in the forefront of the hottest battle by David's orders (5)
6 After a month the birds come in groups of eight (7)
7 Supermarket for squirrels (9)
10 Holly's companion gives excuse for osculation (9)
13 Causes precipitation but could make Nora lucid (4-5)
15 You need banter to measure a bird (9)
17 Precarious position for a berceuse (7)
19 Expand the general transformation (7)
21 Silly person goes to pantomime without mother (5)
22 Cat from Oz (5)

The solution of last Saturday's prize puzzle will be published with names of winners next Saturday.

RADIO 1

(S) Stereophonic broadcast
‡Medium Wave only

5.00 am As Radio 2. 8.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Tony Blackburn. 4.31 Kid Jensen. 7.00 Stayin' Alive. 8.00 Andy Peebles. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am: As Radio 2.

RADIO 2

5.00 am News Summary. 5.02 Cricket: Fifth Test. 6.04 David Allan (S). 7.32 Terry Wogan including 8.03 Cricket: Fifth Test. 8.27 Racing Bulletin and 8.45 Pause for Thought (S). 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S). 2.30 David Hamilton (S). 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S). 6.45 Sports Desk. 7.02 Music from the Movies (S). 7.30 Alan Dell: 7.30 The Dance Band Days. 8.02 The Big Band Sound (S). 9.02 Humphrey Lyttelton with The Best of Jazz on records (S). 9.55 Sports Desk. 10.02 The Monday Movie Quiz. 10.30 Star Sound. 11.02 Brian Matthew introduces Round Midnight including 12.00 News. 2.02-5.00 am You and the Night and the Music with Len Jackson (S).

RADIO 3

‡5.25-7.35 am Cricket: Fifth Test: Australia v England. 6.55-7.00 Weather. 7.00 News (VHF only). 7.05 Overture (VHF only until 7.35) (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Claude Debussy (S). 9.55 Talking About Music (S). 10.25 Music for Double-Bass and Piano (S). 11.05 Southampton University Madrigal Concert (S). 11.40 Stravinsky and Elgar: Concert, part 1 (S). 12.10 pm Interval Reading. 12.15 Concert, part 2. 1.00 News. 1.05 BBC Lunchtime Concert (S). 2.00 Music for Organ (S). 2.45 Matinee Musicale (S). 3.45 New Records (S). 5.15 Bandstand (S). 5.45 Homeward Bound (S). 6.30 News. 6.35 At Home (S). 7.30 EBU concert from Hanover: Schoenberg, part 1 (S). 8.10 Misunderstanding Jung. 8.30 EBU concert, part 2 (S). 9.25 Schoenberg as Writer (talk by Arnold Whittall). 9.45 Church Music (S). 10.10 Keat's Odes. 10.45 Bach (S). 11.25 Jazz in Britain (S). 11.55 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Week. 6.25 Shipping forecast. 6.30 Today: Magazine, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.35 The Week on 4. 8.45 James Cameron with the BBC Sound Archives. 9.00 News. 9.05 Start the Week with Richard Baker. 10.00 News. 10.05 Wildlife. 10.30 Daily Service. 10.45 Morning Story. 11.00 The Wreck of the Royal Charter at Moelyre in 1859. 11.45 Listen with Mother. 12.00 News. 12.02 pm You and Yours. 12.27 Quote . . . Unquote (S). 12.55 Weather; programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.05 Afternoon Theatre (S). 4.35 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Lord Peter Wimsey. 7.00 News. 7.05 The Archers. 7.20 From Our Own Correspondent. 7.45 The Monday Play (S). 9.15 Kaleidoscope: The National Gallery. 9.59 Weather. 10.00 The World Tonight. 10.30 The Great Divide. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.00 London Live. 12.03 pm Call In. 2.03 206 Showcase. 4.03 Home Run. 6.10 Look, Stop, Listen. 7.30 Black Londoners. 8.30 Breakthrough. 10.03 Late Night London. 12.00 As Radio 2. 12.05 Question Time from the House of Commons. From 1.05—As Radio 2.

London Broadcasting

5.00 am Morning Music. 6.00 A.M.: news, information, travel, sport. 10.00 Brian Hayes Show. 1.00 pm LBC Reports. 3.00 George Gale. 4.00 LBC Reports (continues). 8.00 After Eight. 9.00 Nightline. 1.00 am Night Extra.

Capital Radio

6.00 am Mike Smith's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash (S). 3.00 pm Roger Scott (S). 7.00 London Today (S). 7.30 Adrian Love's Open Line (S). 9.00 Nicky Horne's Your Mother Wouldn't Like It (S). 11.00 Tony Myatt's Late Show (S). 2.00 am Peter Young's Night (S).

ENTERTAINMENT GUIDE

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CINEMAS

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THE ARTS

Orange Tree, Richmond

The Caucasian Chalk Circle

by B. A. YOUNG

The Caucasian Chalk Circle is not so much a play as a series of imitation folk-tales, ending with the chalk-circle trial which Brecht borrowed from the Chinese but which is a variant of the traditional Judgment of Solomon. (Brecht had used it before in a story called *The Augsburg Chalk Circle*. He was not a notably original deviser of plots.) In Grusinia, which is Soviet Georgia, two claimants to the same child are challenged to pull him out of the circle in a tug-of-war. The verdict goes to the woman who stops pulling in case she hurts the child, so illustrating the overall theme of the play, that property belongs to those who make the best use of it.

Sam Walters's production emphasises the folk-like element, with his company permanently on stage, seemingly breaking into the narrative as they please—virtually the effect that Brecht required with his Singer, though here music has been all but eliminated. (Dessau's music is so horrible we can be specially grateful for this.) Moreover, the parts are not taken by single players, but handed over now and then from one to another.

This effective notion gives us a fresh view of the characters as they reach fresh situations. We have four Grushas, three Azdaks, two Simons (and they must forgive me if I do not name them all). This provides the necessary distancing-effect; we are being told a story, not sharing the sufferings of any real woman. Indeed Mr. Walters makes little attempt to represent reality. His players wear everyday working clothes, and there is an irreducible minimum of props, the child Michael being adequately represented by a cushion, the decapitated Governor's head by a ball of red wool. The scene at the dangerous bridge needs only a chair to suggest the heights of the precipice.

Brecht's own opening, where the two peasant communities argue whether a valley should be used for fruit-growing or goat-grazing (a typical example of Brecht's indifference to the real world of workers, but after all this is only a folktale), is preceded by a new introduction by James Saunders. Mr. Saunders extends the argument to the case of the Richmond river frontage.

His Richmond folk seem to have a sounder notion of local ecology than the peasants of Azerbaijan: even so these first scenes don't seem to me as relevant as they should be. The cultivation of a valley and the raising of a child are only superficially comparable. Still, Mr. Walters does not cram politics down our throat, even if Brecht does his best; he presents the stories with real narrative charm and humour, and without extraneous songs, banners and constant changes of scene the evening speeds past more quickly than Brecht evenings usually do.

Festival Hall

Messiaen & Brahms

by DAVID MURRAY

The long London Philharmonic concert on Thursday put Bernard Haitink's strained shoulder at risk, so for one work he relinquished the baton to Gilbert Amy. That was Messiaen's *Et Exspecto Resurrectionem Mortuorum*, a hieratic fresco which by its measured slowness makes taxing demands on the conductor's beat. Its progress is glacial, but its icy light is refracted in a thousand colours from the sheer wall of woodwind and brass (there are no strings, and all the percussion is metallic): the composer rejoiced understandably at having its first performance in the Sainte-Chapelle and at Chartres.

Festival Hall is unkindly dry for the music, and for some way into the piece the amount of coughing suggested that a good part of the audience had really come for the Brahms later. The brass could hardly sustain the illusion of the technically impossible legato they are asked to produce, and there were distracting scratches from the tam-tams. The unyielding certainty of Amy's beat—and the fine balance he secured—kept the music imposing and radiant nonetheless.

Haitink had opened the programme with the "Clock" Symphony of Haydn: a lithe and gracious performance, too straight-faced to indicate much of the wit Haydn lavished upon the score. There was a consistently soft attack, and few phrases were sharpened to a point—least of all in the final Vivace, whose bite was entirely harmless. Haitink returned later with Itzhak Perlman in the Brahms Violin Concerto, and displayed the real breadth of his powers to far greater effect. Without shading his soloist he drew out the strands of the orchestral music with loving warmth, and in the Adagio with remarkable delicacy. It was a reading that might have been designed to refute the familiar charge that Brahms's symphonic writing is thick and over-doubled.

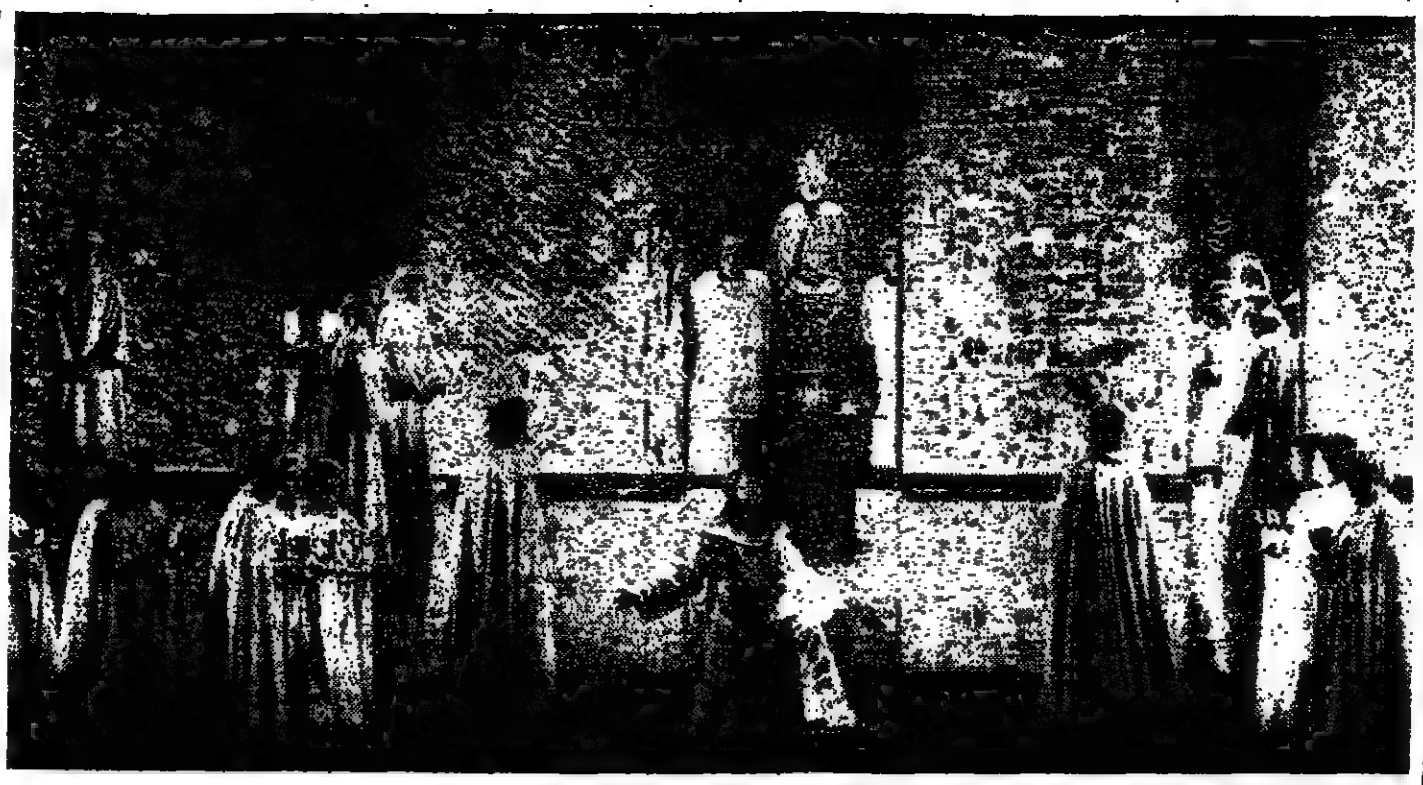
Upon that glowing accompaniment Perlman spun his solo line with sweet lucidity and unhurried assurance. Apparently conductor and violinist agree that the Allegro non troppo should be very unhurried indeed; it was grand and stately, to the point where the bass octave-leaps sounded faintly ponderous, but all so cogently shaped that there was no danger of losing its momentum. Besides, Haitink and Perlman contrived a great curve of rising excitement in the quasi-Hungarian Finale, beginning unusually far back and sweeping irresistibly forward. Only Perlman's unabashed portamento gave one a moment or two of doubt; beyond question the Concerto's dedicatee Joachim used much more still, but in modern terms it is risky—if the orchestral violins are not to indulge in it, the soloist seems to be sugaring his part unnecessarily. Perlman's full singing tone tugs at one's sympathies enough without those winsome slides.

Shakespeare at Stock Exchange

There is an exhibition of costumes from ATV's *Will Shakespeare* series at the Stock Exchange until February 21 in aid of the Royal Shakespeare Company's Barbican Appeal.

The Barbican Appeal, launched last April by the Shakespeare Theatre Trust to support the work of the RSC in its new permanent London home at Barbican, has so far raised almost £150,000 towards its announced target of £1m.

The Stock Exchange Exhibition is part of the first phase of the appeal which is aimed at large firms and organisations in the City of London.



A scene from Act 1 of 'Parsifal' at Bologna

Italian provincial opera

Nabucco and Parsifal

by WILLIAM WEAVER

Some of Italy's major opera houses are still in trouble. After the Kristallnacht of last summer, when a zealous, ill-advised Minister of Tourism allowed a host of eminent figures from the musical world to be sent to gaol, the Fenice in Venice, the San Carlo in Naples, and the Teatro dell'Opera in Rome are, practically speaking, without artistic direction. Only La Scala and the Regio of Turin proceed smoothly. But for the operatic traveller, the smaller Italian centres, the provincial theatres, continue to offer interesting and appetising fare.

The Teatro Regio in Parma, for example, opened a short time ago with a more-than-creditable production of *Nabucco*, which will later tour other opera houses of the Emilia Romagna region, thanks to a sensible and fertile co-production plan that has now been functioning for several years. Part of this plan was the creation, too, of a regional orchestra, which served Parma for the *Nabucco*.

This orchestra is excellent, capable of producing a pleasantly warm sound, and the individual players give a good account of themselves in solo passages (notably, in *Nabucco*, the flute and the first 'cello'). Michelangelo Veltri's reading was fluent, straightforward: he neither emphasised the naïveté of the youthful Verdi nor apologised for it with attempts at sophistication. The chorus, enlarged for the occasion, was also first-rate, totally committed: the inevitable encore of "Va, pensiero" was justified and appreciated.

The notorious audience of the Regio's gallery seems to have calmed down. At least they no longer demand the impossible, and they evidently appreciated the merits of the cast. If none of these singers was on the international super-star level, all were serious musicians; they did their job with skill and enthusiasm.

Perhaps the greatest enthusiasm came from the soprano Angeles Gulin, as Abigaille. This artist is familiar to the public of Parma, where she has sung almost from the start of her career. A large young woman with a big, sprawling voice, she underwent a physical and vocal change a few seasons ago, when, considerably slimmer, she seems also to have refined her style (this, at least, was the impression from a *Donna del lago* in Bologna). Now she has regained her former proportions, and her singing has also returned to the early, unruly, but often exciting production. Every now and then, in the course of *Nabucco*, she simply belted out sound; but there were moments—many of them—when she was thrilling, and she was always in complete command of the stage.

[illegible] is a useful baritone; he sings with taste, [illegible]. The voice has a curious smothered quality, as if it were badly produced; but it is pleasant, nevertheless; and so he was a positive Nabucco. Stefan Elenkov (who has been singing Boris in Turin) seemed—and sounded—uneasy as Zaccaria, the role lay too high for him. The smaller roles were almost all well sung, and Ida [illegible], the Fenena, deserved special praise.

Carlo Savi designed agile spare sets, making clever use of plain sackcloth hangings. His costumes were also good-looking, traditional. In this sober visual framework, Filippo Crivelli created a tactful, sensible production.

Bologna, capital of the Emilia region, naturally has a larger season than Parma's; like the Regio, the Comunale of Bologna is not afraid of venturing outside the standard repertory. Last year, it opened with an Italian version of *Die Fledermaus* (some opera-goders considered this step outrageously frivolous). This year it turned in another, almost equally untried, direction: the inaugural opera was *Parsifal*, in the original German.

The Bologna orchestra, too, played well (the brass, in particular, merited praise for its clarity and accuracy), conducted by Gustav Kuhn. This young artist gave a fluent, but unhurried reading of the score. Most of the singers were imported, but still this *Parsifal* had a distinctly Italian, or Mediterranean flavour. It derived to some extent from the staging by Tito Ambrosini, who placed less emphasis on the mystical [illegible] significance of the opera and more on its [illegible] content. [illegible] (Gurnemanz) sung by the massive Manfred Schenk was a good deal younger, more impassioned than usual; and even Amfortas (Rudolph Holtenau, in strong voice) displayed a remarkable amount of [illegible].

The Kundry was Dunja Vejzovic, admired at the Comunale in Florence last year, when she interpreted *Erwartung* with stunning intensity. Here, too, she showed the same dramatic participation; her singing betrayed a few difficulties in the second act, but she triumphed over them thanks to her musicality and her skill as an actress. Karl W. Böhm was a somewhat wooden, but acceptable Parsifal.

A local artist, Michele Canzoneri, realised the sets, decorated with handsome sculptures in blown glass and some plastic material. The Hall of the Grail was especially effective, with its panels of deeply-scored glass, speckled with vari-coloured gouts, like a Pollock. The costumes, by Dorilea Bignotti, were traditional, opposite. Ambrosini did not always light the sets—or the singers—appropriately (Böhm suffered most from the harsh illumination: he looked younger during the curtain-calls than during the performance); but for the most part, the production was, visually, successful, as was the *Parsifal* generally.

The *Nabucco* in Parma and the *Parsifal* in Bologna were, finally, productions of which any theatre could rightfully be proud: the seasons will continue with other productions of interest (the Italian premiere of Ligeti's *Le Grand Macabre* in Bologna, Shostakovich's *The Nose* in Parma and Bologna, with a visiting troupe from Moscow). Operatically speaking, the provinces, in Italy are far from provincial.

Covent Garden

La Fille mal gardee

by CLEMENT CRISP

Nineteen years old, all but a day, *Fille* celebrated a birthday on Saturday afternoon with a performance more uneasy than festive. The matching of the young lovers seemed curious. Wendy Ellis, with her light coloratura dancing, was partnered by Wayne Eagling, a dancer for grand effects, whose temperament—and it is "temperament" that drives Eagling to rare heights, and also makes him show his frustration when things go wrong—is ill in accord with Colas' yeoman character.

In a ballet that demands extrovert warmth, the delicate scale of Ellis's playing and Eagling's worldly (and sometimes inward) manner did not fuse into a cohesive statement about the lovers. One could not imagine them being happily united as characters any more than they seemed suited as an interpretative pair. This is not to deny the sparkle of Wendy Ellis's dancing, always beautifully clean and precise—and delightful because so—nor the moments when Eagling could get to grips with the dance, though the choreography itself is not suited to his electric, muscular speed. Yet for two artists who can be outstanding in *Mayerling*, the performance seemed below their own best achievements.

The real triumph of the afternoon, I found, was Graham Fletcher's Alain. In the few weeks since I last saw him in the role, he has gained in richness of humour, in charm, and his is an ideal interpretation. Alain's first solo, as he shows off to his prospective bride, is a masterly exercise in comic dancing, in finding physical jokes in the choreography and pointing them to perfection.

I must report once more upon the [illegible] Paul Benson is having with the Notary's clerk. This tiny role is now the occasion for some wildly inconsequential business at this performance it involved ginger moustachios and an uncontrollable [illegible] were very funny.

Arts touring appointments

David Brierley, general manager of the Royal Shakespeare Company, and Brian Dickie, administrator of Glyndebourne Touring Opera, have been appointed to the Arts Council's Touring Committee.

Prof. Basil Deane, professor of music at the University of Manchester, and chairman of the Arts Council's music and dance panel, takes over as chairman of the committee from John Manduell, who now becomes vice-chairman. Mr. Manduell is principal of the Royal Northern College of Manchester.

Miss Annette Page, a former dancer with the Royal Ballet, and Robert Scott, administrator of the Palace Theatre, Manchester, have been re-appointed to the committee.

The People Show

The new production by the People Show is at Cardiff, not at Leicester as reported on Saturday.

Duff Cooper Prize

The Duff Cooper Memorial Prize for 1978 has been won by Mark Girouard for his book *Life in the English Country House* (Yale University Press, £10.00).

St. John's, Smith Square

Electric Phoenix

by DOMINIC GILL

After an exceptionally promising debut at St. John's last May, the Electric Phoenix returned to Smith Square on Thursday evening to give another concert of new music for four (SATB) unaccompanied amplified voices. Like any ensemble dedicated to the performance of new works, many of them specially commissioned, the Phoenix will have difficulty from time to time in matching the quality of the available repertory with their own considerable talent. So far they have managed well: there was no serious deadweight in their programme of four first performances on Thursday, and one very happy discovery.

The first and last of four *Madrigals* by the American composer William Brooks set texts by Gibbons (The silver swan) and Stephen Foster (My dark Virginny bride) respectively; the other texts are the composer's own—a phonemic reshuffle of the Gibbons and Foster, and a single word, "osannga," also schematically derived from the same source. They are all of them exuberant essays, subtly worked and eclectic, exploiting all manner of different styles and techniques: the first and third investigate the overtones and harmonic partials produced by different vowel sounds; the second is a jazzy memory of Forties Bop: the last is a brilliant pastiche of popular choral singing from Minstrel to Barbershop. Each piece has many layers: the first is mainly diatonic, the third strictly 12-tone serial—both "cultivated" styles. But the first is also experimentally notated, the third coolly traditional.

The effect of the whole is richly allusive: it would be fun one day to sit down and tease out the many side-glances and references missed at first hearing. At the end of each score Brooks sets a date, place and dedicatee, sometimes evocative (the second madrigal is dedicated to the Wesleyan Jazz Singers, and NYC November, 1944 refers to a Charlie Parker concert), sometimes ironical ("The silver swan" is dedicated to John Sullivan Dwight, and "Virginny bride" to S. Brainerd, Foster's less than altruistic publisher). The Electric Phoenix delivered the set on the whole with admirable accuracy and panache—though there was some intonation trouble in the third which never quite settled; and practice with exact microphone positions will no doubt help the overtones to sound more clearly. One assumes they must keep Madrigals in their repertory: with a final polish, it should be a delightful tour de force, and much in demand.

When the singers entered in their white tunics and black boots at the start of the evening to sit in a circle on the floor, the first startled thought had been—here was Abba come to sing *Stimmung*. And indeed *Micro-Macro* by John Anthony Celona proved to be almost that: Karlheinz-on-the-cheap, a straight rip-off of Stockhausen's *Stimmung*, from the vocalise on a single chord, to the sustained electronic drone—but respectfully short. We heard Paul Patterson's *Brain Storm* at the Phoenix's debut concert last year: and last week again, in a new, shortened version, a not unattractive Etude of special effects, with a nice line in schizophrenically fast Swingle dooby-dooby. *Lamento* by Odaline de la Martinez for four voices and tape to a text by St. John of the Cross was heavier, and put together without much fantasy; I found it also pretentious—and the endless repetition live and on tape of "porque no muero" (the poem's central metaphysical idea) eventually exhausting.

Wigmore Hall

The English Concert

by NICHOLAS KENYON

Nineteen players plus a harpsichord and chamber organ are too many for the stage of the Wigmore Hall, and there was something of a crush on Thursday night when Trevor Pinnock's lively original-instrument orchestra turned out in force for a programme of concertos and cantatas with the soprano Jennifer Smith. But the cramped ensemble provided an all-too-rare opportunity to hear the sound of a full complement of baroque strings in a warm, not over-resonant acoustic and the experiment was, on the whole, a great success.

Casting its shadow back over the evening was the final work, Handel's *Silete venti*, the most lavish and mature of the many cantatas he wrote during his early stay in Italy. Jennifer Smith's cool, precisely-placed voice shone through the haze of string sound with perfect poise and concentration. Her sustained, legato technique is not the most obvious complement to the airy phrasing of original instruments, yet here she succeeded in drawing the players into longer lines and better articulation than they had managed earlier in the concert. A thrilling, dramatic opening recitative; restrained arias; and a neat, jaunty final Alleluia—all moulded together into a cogent whole by Miss Smith's intelligence and flair.

The remainder of the programme was an interesting selection of post-Handelian pieces by composers resident in England in the mid-18th century, and simply went to prove how difficult it was for musicians to rid themselves of Handel's towering influence. A charming Concerto by John Stanley, and a rather stranger one by the Dutchman Pieter Hellendaal (organist in King's Lynn and Cambridge in the 1760s) both followed the well-established pattern of smoothly dissonant Adagios followed by perky, freely-wrought fugues. Hellendaal's fugue subjects were a bit inept, but he included a lovely final Pastorale: whereas Stanley was satisfyingly predictable.

Jennifer Smith added what sounded like a send-up of a pastoral cantata, by Thomas Arne (from which the only line I recall was about the young lad who "whistled as he went, for lack of thought"): and Trevor Pinnock slammed his way through a harpsichord Concerto by the same composer. It seemed absurd for the group's director to relegate himself to the sidelines even when playing a concerto: all the pieces would have benefitted from firmer direction from a harpsichord placed centrally so the strings could hear it—even if it meant Mr. Pinnock turning his back on us, we would then have seen Arne's Scarlatti-like hand-crossings, rather than just hearing the mistakes.

National Gallery attendance figures

In 1978 the National Gallery was visited by about 2,500,109 people. This figure is approximate because the recording [illegible] in the main entrance [illegible] faulty during the months of June, July and August. The attendance for these months had therefore to be partly estimated.

In 1977 there were 2,685,819 visitors to the Gallery, and [illegible] in 1976. The 1975 [illegible] 2,015,847.

SOCCER BY TREVOR BAILEY

Arsenal have a hot property in Brady

FOR the fourth successive week the weather brought wholesale cancellation of football fixtures, and only five of the fourth round FA Cup matches could be played.

Again the First Division representatives experienced an unhappy afternoon, Manchester City being knocked out by Shrewsbury; holders Ipswich held at home to a goal-less draw by much-improved Orient; Wolves somewhat fortunate to secure another chance with a late goal against Newcastle and only Nottingham Forest and Arsenal definitely through.

Arsenal, last year's losing finalists, had previously needed five games to dispose of Third Division team, Sheffield Wednesday, and their 2—0 victory on Saturday over Notts County, whose creaky defence has conceded more goals away from home than any other team except Cardiff in the Second Division, was unimpressive.

Despite continuous pressure they failed to break the deadlock until the 72nd minute, when the gangling Young headed home a corner. Soon afterwards the genius of Brady enabled Talbot to make absolutely sure.

The one significant feature of the Highbury match was that it took place, the only London cup-tie. This was entirely due to the under-soil heating which the directors wisely had installed years ago.

Apart from Leeds and Leicester, who have introduced other systems of beating the ice, the other clubs have failed to follow their example. As freezing winters are not exactly unknown in Britain, there does seem a strange lack of foresight.

'Ridiculous'

Although the initial installation represents a substantial investment which, incidentally, Arsenal and Leicester have already recouped, this cannot be a serious obstacle for any of the major clubs, particular in a week when Birmingham have put Trevor Francis up for transfer at £1m.

The ridiculously high fees that clubs are prepared to pay for players, and their reluctance to spend on ground improvements, is due to these factors.

Even if a club should overspend then it can still reclaim the tax paid on the profit of the previous year. Understandably, the directors prefer to see money raised by football kept in the game rather than going to the Government.

Unfortunately, and stupidly, ground improvements are not tax deductible.

In a fast first half, in which Arsenal had much of the play, but were unable to exploit their superiority against a packed defence, little of the passion normally associated with cup-ties, or of the skill Arsenal at their best can produce, was in evidence.

Despite the odd deft touch and pass, it was hard to believe that only last summer Masson had been playing in the World Cup. Nobody ran further or tried harder than Talbot, Arsenal's new, expensive acquisition from Ipswich.

He is not a beautiful mover, nor an especially skilful or subtle performer, but he will give 100 per cent at home and away in all conditions all the time, which must appeal to any manager, while he will prove an inspiration to his colleagues.

One who clearly needs a tonic is Rix, currently in the middle of a horrid patch. It was difficult to recognise in this ineffectual left-half the clever young footballer who promised so much.

The game improved after the interval, and Arsenal attacking on a wider front, avoided the bunching that had hampered their earlier efforts. Also Liam Brady, who had only hinted at his brilliance in the first 45 minutes, switched on his own brand of magic to set alight the whole contest.

Gift goal

It culminated in the second goal when he floated past two defenders and slipped the ball through the legs of a third before presenting Talbot with his first goal for his new club. On this occasion Brady was used alongside the two front runners, Stapleton and Sunderland, whereas he is normally to be found in what might best be described as a goal-scoring inside-left position.

The truth is that Brady possesses so much ability, vision and control that he will spread confusion among the opposition and enchant the spectators wherever he goes.

If Francis is worth a million, what price Brady, a creator and a taker of chances with the ability to beat defenders in tight situations, an entertainer who is also a magnificent footballer?

RUGBY UNION BY PETER ROBBINS

Budge Rogers in line as top selector

ONE OF the great strengths [illegible] critics call it the weakness [illegible] of Rugby [illegible] situation [illegible] that it is offered by selfless, devoted amateurs. In spite of threats of sponsorship, free hand-outs to players, some blatant financial abuses, and the danger of a Kerry Packer type Rugby circus, the game should stay basically amateur provided the authorities adhere to modern ground rules.

Of all the voluntary posts the least enviable is that of national selector, particularly in England at present. When Sandy Sanders, chairman of Selectors, retires at the end of the season, England will lose a man whose dignity, tact, clarity of thought and single-mindedness have been matched by his loyalty to his colleagues and players.

Trying time

It has been a most trying time for his committee, rebuilding when two wins out of four last season were still not enough for the critics.

No doubt Sanders will be asked to recommend a successor. If so, then the RFU should accept his advice, and I suspect the new chairman will come from within the present caucus.

To go outside it would be folly, for apart from picking players a selector has to establish contacts and confidences.

I think there will be a short list of three—Budge Rogers, Mike Weston and Derek Morgan. All were widely respected as players. Not that this of itself makes them good selectors, any more than an outstanding player necessarily makes a good coach.

All three have learned a great deal from Sanders about administration and organisation, and of the three I would hazard a guess that Rogers will be appointed.

Selectors, rather like coaches, are only as good as the players around them, and it is interesting to reflect on the late and middle 50s, when England were were at their most succesful. To the young players of that era the selectors, headed by Carston Catcheside, were an improbable lot. How little the young know about their elders.

Beneath the eccentric front Catcheside was a shrewd judge. His job was made all the easier by the simultaneous emergence of a cluster of [illegible] virtually [illegible]. This is true [illegible] where [illegible] centre on [illegible] [illegible] had to wrestle [illegible] able problems.

Gamble

Sanders and his [illegible] originally selected [illegible] teams, and so [illegible] a 75-man squad. It [illegible] have been better to limit the number and concentrate on them, but, of course, England have not been able to get together with the same frequency as the other countries.

The selectors seemed to go off the rails in picking Nelmes on the tighthead against New Zealand. They appeared to go for sheer bulk. Their latest selection, against Scotland, admits their error while giving the young Northampton prop Pearce, his first cap after very little senior Rugby.

It is a bold gamble, but one recalls the outcry that the selection of Stack Stevens caused, and how well he played for England and the Lions.

Team spirit, despite the serious setbacks of the Argentine and All Blacks games is still high. There is some justification for selecting dependable men who will not let their colleagues down, rather than the more eye-catching players.

One thinks of such as Young, Corless and Hignell, who were all pressed by players of apparently greater ability but were included because of their solid qualities.

Neary's welcome return should not beseen as revoking this attitude, but it does denote a radical change in back-row doctrine. His and Rafter's speed will give the England pack some ginger, as will Horton's return to the second row if he is in the proper frame of mind to play to his full potential.

After their splendid match against Wales, Scotland will go to Twickenham with justifiably high hopes. I expect England to win by a narrow margin.

If they win it is the players who will, rightly, take the credit. If they lose, it is the selectors who will incur national opprobrium.

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Limits to picketing

THE TWO *aspects of picketing* which have caused most concern during the last few weeks are, first, the use of threats and other forms of intimidation to prevent employees from passing through the picket line, and, second, interference with the lawful activities of employers and employees who are not concerned in the dispute. On the first point, Mr. Sam Silkin, the Attorney-General, reminded the *House of Commons last week* that picketing as defined in Section 15 of the Trade Union and Labour Relations Act 1974 is lawful if it is "in contemplation or furtherance of a trade dispute, if its sole purpose *is to give or receive information* or to persuade someone to work or not to work and if it is peaceful."

Enforcement

Mr. Silkin went on to say that if a picket obstructs the highway in order to cause a driver to stop, that is a breach of the criminal law and Section 15 is no defence. "A driver who wishes to drive past a picket *line is in law entirely free* to do so, so long as he drives in a lawful manner. If a driver, or anyone else, including a picket, is unlawfully obstructed, intimidated or assaulted he should report the matter to the *police*."

The enforcement of the criminal law is, of course, a matter for the police and Mr. Silkin's statement should encourage them to do so. It is also worth considering whether the law could be strengthened in order to facilitate the task of enforcement. Lord Wigoder *suggested* in the House of Lords last week that the number of pickets at any place of access where industrial action is taking place should be limited, perhaps to six or ten. While there might be some difficulties in enforcing *such limitations*, the need to prevent a recurrence of the mass picketing which occurred at Grunwick is obvious. Even more worthy of support is Lord Wigoder's proposal to restrict the right of picketing to members of the union who are employees of the employers who are involved in the dispute.

There are, of course, some problems over the definition of the word "intimidation," but Mr. Silkin's statement should at least serve to remind trade *union leaders* at all levels of what the law is and of their responsibility to ensure that it is observed. Much more uncertain is the civil law on what has been called secondary picketing. The 1974 Act, effectively re-enacting section 3 of the Trade Disputes Act 1906, provides that no action can be taken against any person who induces another to break his contract of employment if this is done in *contemplation or furtherance of* a trade dispute. Section 3 of the 1976 Act extended this freedom to include interference with commercial as well as employment contracts. Conservative spokesmen are arguing that this *extension has encouraged* the spread of secondary picketing, that is, the attempt to induce employees not involved in a dispute to break their contracts.

Mr. Silkin's response last week was to refer to recent *decisions of the courts where* the test of legality in secondary picketing cases was whether the industrial action complained of was so remote from the original trade dispute as to be not reasonably likely to further it. *On the day after Mr. Silkin's* statement United Biscuits succeeded in obtaining an injunction against a TGWU shop steward on precisely these grounds, that the picketing was not directly in furtherance of the lorry drivers' dispute. It was the latest in a series of cases in which the test of *remoteness has been used to* limit picketing and sympathetic action. Mr. Silkin said that the test of remoteness was a much greater limitation on picketing than the repeal of the 1976 amendment, which would bring back a number of anomalies in trade union law.

Support

Clearly the scope for amending the law will be a major topic *for debate* over the next few months, but at this stage the most useful step the Government can take is to give public support to the law as it now stands. Instead of pleading with trade union leaders to allow the transport of food and medicines—while the difficulties of manufacturing industry continue to *mount—Ministers should make* it clear that the courts are interpreting the law of the land and they stand by that interpretation.

Rethinking U.S. strategy

THE STRATEGIC nuclear arms race has for many months been one of the most hotly debated political issues in Washington. Now, with last week's publication of next year's U.S. Defence Budget the Administration's *thinking on a number of key* issues is beginning to emerge more clearly. At the first Congressional budgetary hearing last Thursday, Mr. Harold Brown, the Defence Secretary, argued that the continuing Soviet build-up justified increased American spending on strategic nuclear missiles in response. Two other important developments of recent days have been the budget's provision of funds for the study of a new intermediate range nuclear missile for deployment in Western Europe, and Mr. *Brown's confirmation of plans to* alter the targeting of U.S. intercontinental ballistic weapons. All Soviet missile silos will now be included alongside the major population centres that were the former main targets.

SALT 2

The Administration has found *itself obliged to undertake such* a reassessment for two principal reasons. In the first place, if it is to persuade the Senate to ratify a new strategic arms limitation treaty (SALT 2), it must be able to produce convincing evidence that the U.S. will not be left with an inadequate deterrent when the *Treaty goes into effect. It seems* pretty clear that the technical details of the Treaty are all *near to completion and* that the final go-ahead for a Carter-Brezhnev summit to sign the Treaty now rests on a political decision in Moscow that the time is ripe. The Soviet leaders are unlikely to take that decision until they have evaluated the outcome of this week's visit to Washington by Mr. Deng Xiaoping, the Chinese Vice-Premier, but, as Mr. Cyrus Vance, the U.S. State Secretary has said, the two sides are now "close to the end of the road."

The second reason for taking *a hard look at the state of the* West's nuclear defences is quite simply the continuing increase in the power and refinement of the Soviet nuclear arsenal. Not only is the Soviet Union now generally believed to be close to strategic equivalence with the U.S., it is also posing a growing nuclear threat to Western Europe with sophisticated new intermediate range weapons like the SS-20 missile and the Backfire bomber.

It is this threat that lies behind the decision to press ahead with studies of a new generation of intermediate *range American missiles that* would re-establish the balance of power in the European theatre. By communicating his decision to the British, French and West German leaders at the Guadeloupe summit earlier this month, President Carter made it easier for them to come out with fairly *enthusiastic backing* for the SALT 2 agreement.

Many questions, however, remain unanswered. It is by no means clear what sort of missile will be chosen or where it will be based. That will, of course, *depend on its range*. West Germany is obviously the prime candidate, but for political reasons other countries will almost certainly also have to accept it and West European public opinion could well prove *unsympathetic to the introduction* of a new weapons system aimed at the Soviet Union. Western leaders could well decide that the most diplomatic course would be to go for a longer-range version of an existing missile like the Pershing under the umbrella of NATO's current programme to *modernise* its nuclear forces in Europe.

'Sanctuary'

The decision to retarget the American intercontinental *missile force is also likely to* be controversial. Mr. Brown has said that the move would ensure that Soviet silos are not a "sanctuary" from which it could "shoot with impunity." But there are equally those who argue that greater vulnerability of silos increases the temptation to launch missiles before they are wiped out by the other side. Mr. Brown went out of his way not to take a hawkish line last week, and he is clearly right to tread with care in such a sensitive area.

Moscow is in a nervous mood and SALT 2 is not yet in the bag. Given Soviet sensitivity about the West's use of the "China card" this week's visit by Mr. Deng will also have to be handled with considerable delicacy. The indications are that this is a point that Washington has now fully taken on board.

THE RHODESIA REFERENDUM: By Tony Hawkins in Salisbury

A choice between gloom and doom

BARRING A big upset Rhodesia's White electorate will vote tomorrow to transfer power to the Black majority in one man one vote elections in April this year. It will be the second occasion in 18 years that the Whites have opted for majority rule, though when they voted in the 1961 referendum it was for a gradual transfer of power that was *planned* to take at least 15 years. But even that was too soon and in 1965, promising "no majority rule in my lifetime" and predicting that his unilateral declaration of independence would be "a three-day wonder" Mr. Ian Smith set in train the events that 13 years later have forced him to renege on *the platform of* White supremacy. During those years it had enabled him to win four successive general elections without losing a single seat in Parliament.

Mr. Smith—no longer the jolly good fellow?

In surrendering the principle of White minority rule, Mr. Smith has simultaneously lost a significant proportion of his previous *electoral support. Just* how significant the loss has been we shall know on Wednesday when the final referendum results are declared, but there is little doubt that his popularity is on the wane. At a crowded and noisy meeting in Salisbury recently the ritual standing ovations, cries of "good old *Smithy" and choruses of* "he's a jolly good fellow" were replaced by a group of angry young Whites singing "he's no bloody use to anyone, he's no bloody use at all."

Unenviable position

During the referendum campaign Mr. Smith has strayed into what is for him very unfamiliar terrain. In the past he and his party have always championed the status quo. As real conservatives they have opposed change, especially change that *would endanger the privileged* positions enjoyed by their supporters. Yet now, they are in the unenviable position—for conservatives — of having to advocate a radical change that runs directly counter to everything they have stood for in the past.

No politician enjoys eating *his words in public* and Mr. Smith is no exception. To sell this unpalatable package to the White electorate, the Prime Minister has had to resort to an unwieldy stick and carrot formula. The stick is best summarised in the phrase used time and again at referendum meetings by White ministers, "*the situation in which we now* find ourselves."

Mr. Smith and his colleagues explain that what they are doing now is not from either choice or conviction. But they have been forced, they say, against their better judgment by hostile world opinion, by difficult economic circumstances, by a *deteriorating security position* and, above all, by judicious arm-twisting from Pretoria to embrace "this thing called majority rule," to use Mr. Smith's own expression.

Even right-wing Senators and Congressmen in the U.S. told *him last October that unless he* was prepared to abolish all race discrimination and to accept one man one vote elections, he would never secure U.S. recognition, says Mr. Smith. There is no alternative, he says, apologetically.

Most Whites—with a few exceptions on the far right—*accept the "stick" part of the* argument. However, there are those in the Rhodesian Action Party and other small right-wing groups who accuse Mr. Smith of distorting Pretoria's stance in the whole affair. They insist that the Botha Government is not exerting any pressure at all on White Rhodesia to agree to majority rule.

The "carrot" comes in two forms. First, voters are told that the terms of the March 1978 internal settlement and the draft 1979 Constitution (on which they must vote next Tuesday) are far better than Mr. Smith had ever expected to be able to negotiate, and that *if these are rejected the conditions* will be far tougher next time. This is also widely accepted by those on the far right who still say they believe in a federal solution encapsulated in the phrase "*confederation not capitulation*." The right wing says there is still time to negotiate a three tier federal solution which would avoid domination of the minority Ndebele and the minority Whites by the majority Shonas.

Secondly, Mr. Smith claims—with considerably less justification—that there is at least a fifty-fifty chance of the new dispensation being recognised *internationally after the one* man one vote elections are held in April. To support this claim, Mr. Smith puts forward what can only be described as a rose-tinted interpretation of the Case-Javits resolution approved in the U.S. Senate late last year. This resolution stipulated that provided President Carter was *satisfied that the transitional* government in Salisbury had fully co-operated with efforts to arrange an all-party conference on the country's future and provided that the March agreement was fully implemented (including the successful holding of *majority rule elections*) then economic sanctions against Rhodesia should be lifted.

RHODESIA SINCE UDI

Nov. 11	1965	Ian Smith makes his unilateral declaration of independence from Britain.
Dec.	1966	Mr. Smith and Harold Wilson meet aboard HMS Tiger for abortive settlement negotiations.
Oct.	1968	Mr. Wilson and Mr. Smith meet again aboard HMS Fearless.
Nov.	1971	Mr. Smith and Sir Alec Douglas-Home, then British Foreign Secretary, reach agreement on settlement proposals, subject to their acceptability to people of Rhodesia.
May	1972	Pearce Commission finds the 1971 agreement is not acceptable to majority of Rhodesians.
Oct.-Dec.	1976	Geneva conference between Rhodesian Government and Black nationalists under British chairmanship.
Sept.	1977	Britain publishes Anglo-American settlement proposals, attacked by both Mr. Smith and Patriotic Front guerrillas.
March	1978	Mr. Smith and three internally-based nationalists reach agreement on majority rule framework. Pact condemned by Patriotic Front guerrillas, who vow to fight on.
Jan. 30	1979	Referendum among whites on "internal" settlement constitution.
April 20	1979	Election by universal suffrage, provided the referendum is successful.

While the transitional government did agree to attend an all party meeting "without *preconditions*" the chances of the April elections being seen as "free and fair" would seem to be extremely remote. State Department officials are understood to have told the transitional government that a poll *of sixty to seventy per cent of* the eligible 2.9m voters would be necessary before there could be any consideration of recognition.

Furthermore with martial law applying in 85 per cent of the country (and likely to be extended to cover the country as a whole by April) and with the existence of the so-called private armies (which even Chief Chirau, a member of the four man *executive council in* the transitional government, says will make it impossible to hold free and fair elections), the chances of international recognition of the vote would seem to be slim.

A further snag is that since the Case-Javits resolution was approved in the U.S. Senate, there has been one major change in the March agreement. It has been agreed to form a *government of national unity* after the April elections in which there would be at least five White cabinet ministers so that three per cent of the voters (the Whites) would not only have 28 per cent of the seats in parliament but also 28 per cent of cabinet representation.

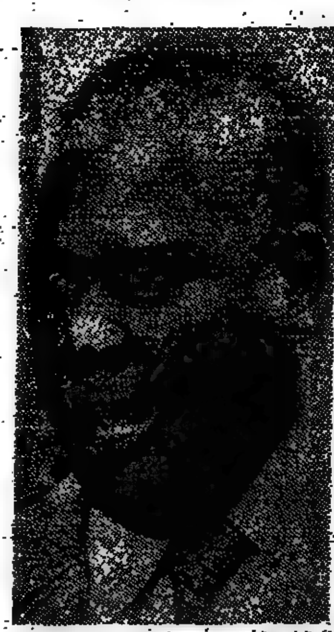
It is the hope of world recognition that the electorate finds difficult to believe in. After meeting after meeting Mr. Smith is asked why the domestic Black leaders — especially Bishop *Muzorewa and the Rev. Sithole* —have failed to end the war as they promised to do after the signing of the internal settlement last March. In bleaker moments during the campaign the Prime Minister has been forced to admit that he can *guarantee nothing and promise* nothing should the electorate vote yes.

But a no vote would have very serious consequences, he warns, including the possibility that Pretoria might use the oil sanctions weapon against Rhodesia and even throw in its lot with the West in forcing the Whites to participate in a much less favourable settlement involving the Nkomo-Mugabe Patriotic Front.

"If you vote no, Nkomo and Mugabe will dance in the streets of Moscow," proclaims a government advertisement in the Rhodesian Press this week. "Successful elections would be *the single biggest blow to their* ambitions for this country." The "no" campaign draws its chief impetus from the cluster of small right wing parties opposed to majority rule and still seeking a federal solution. Allied with them are those such as the former Minister of Internal Affairs, Mr. Rollo Hayman, *who argues that* internal settlement has already failed and that to try and press ahead with it now would be suicidal.

Mr. Hayman's credibility is thin since he only resigned from Mr. Smith's Cabinet a month ago having previously supported the government and UDI (which he now says must be renounced).

He accuses the Prime Minister of "blatant misrepresentation" of the prospects for international recognition and an end to the war. The guarantees in the 1979 draft constitution are "illusory," he says, since the April elections will not be recognised and will give rise to a weak nationalist government that will collapse within a few months in the face of an intensified military offensive by the *Patriotic Front*. After the April vote Mr. Hayman predicts "an almighty punch up and a civil war." A no vote is not a solution in itself, he says, but it will force the *transitional* government to think again and to renegotiate an internationally acceptable solution involving a British presence during the transitional period. Such a settlement with Western backing would offer far fewer guarantees to the Whites than those included in the 1979 *package but the Whites would still* have a better long-term future than that being offered by the internal agreement.



Mr. Nkomo—dancing in the streets of Moscow?

Collapse later

Mr. Hayman's position is broadly similar to that adopted by some elements within the National Unifying Force, an alliance of political moderates, which also believes that the internal settlement is destined to collapse later in the year. Unfortunately, if the Whites were to heed Mr. Hayman's advice and vote no on Tuesday the interpretation internationally would not be that the electorate wanted a renegotiated deal more favourable to the Black majority but that even at this late stage the diehards were in control voting against even the diluted version of Black rule currently envisaged.

But whatever the outcome of the referendum vote it is likely to move the country one small stage nearer to a denouement, albeit possibly not along the lines intended by the voters. A no vote would be likely to speed the process of change by hastening the country along the road to collapse. Anger in Pretoria, fury on the part of the Muzorewa, Sithole and Chirau nationalists, disillusionment among Whites holding key positions in Government, business and the security forces, would probably combine to bring down the transitional government as presently constituted. *Just what could then* be done to pick up the pieces is far from clear.

The onus would lie with Britain, the U.S. and South Africa to try to revive the all-party conference but this would have to be done very quickly against the background of a fast deteriorating economic, political and security situation, with Whites emigrating in unprecedented numbers rather than risking their lives for a hopelessly lost cause.

A yes outcome implies a slightly more cheerful scenario. If the constitution is accepted on Tuesday, the decks will then have been cleared for the one man one vote elections in April. Many white hardliners will probably pack their bags and quit before the elections, but the process of power transfer will have moved forward. After the April elections, no matter how poor the turnout and no matter how unrepresentative the government, there will be a Black Prime Minister in office with Black majorities in both parliament and the cabinet. This will offer yet another opportunity for convening all-party talks and possibly even for pushing the Rhodesian problem along a *Namibian style path* with a second election being held later in the year or in 1980 under international supervision.

Alternatively Mr. Hayman's worst fears—and those of other Rhodesians of all races—might yet materialise and the country could slip inexorably into the chaos of an Angolan-style civil war.

Although there are nominally 94,500 voters on the roll (nearly all of them Whites but also some Asians and coloureds —persons of mixed blood), at least 15,000 of them are estimated to have "taken the gap" (emigrated) leaving a total voter potential of less than 80,000. Of these at least a quarter is expected to abstain which will do more damage to the yes than to the no vote. Farmers have been heard to say that they are not prepared to drive along dirt roads where landmines may have been planted or where they may run the risk of being ambushed just to vote in favour of Black rule. In spite of this, Mr. Smith is expected, at his last hurrah—he has said he will *retire from politics at the April* elections—to carry at least 60 per cent of those votes that are actually cast. Whatever his final majority it is unlikely, however, to be recorded in history as a major landmark in the transformation of Rhodesia to Zimbabwe.

Much of the referendum debate on the chances of recognition, ending the war, White guarantees and representation, and the national coalition government is likely to be seen as having been irrelevant by the end of the year. The man who tore up the 1961 constitution in a vain attempt to perpetuate White rule can hardly be surprised should his successors emulate his example by abolishing minority guarantees.

During the campaign, voters have heard much of the checks and balances within the new *constitution that will prevent* this from happening but Rhodesia's own experience since 1965—and that of many other African countries—shows that the only effective checks and balances are military in nature.

MEN AND MATTERS

A kind of success under Bow Bells

After 15 years and over 500 lunchtime dialogues with "everybody who ever was of interest, or pretty well everybody," the vicar of St. Mary le Bow in Cheapside, the Reverend *Joseph McCulloch, has organised* one last series, starting on Tuesday next week. "It's been rather like *The Mousetrap*," he says. "*I'm getting sere and yellow*." The weekly "discussions between civilised people" began *when St. Mary le Bow was re*built and McCulloch had two pulpits installed. "I thought the most important thing was to open up the dialogue between the Church and the world." The experiment has continued since *then*.

"No man ever says he's succeeded, but there was never a seat vacant, and the standing room was over-filled for 15 years," says McCulloch.

The last series will not, he hopes, be televised: "I'm not very keen on the media. They are a mixed blessing." Anyway, the *dialogues* are "a City thing." But the speakers in the other pulpit should, if that is *possible, attract an even larger*-than-usual audience—Bernard Levin, deprived of his usual platform, Joyce Grenfell, Lord Home and Jonathan Miller. The very last, on March 20, will be the Dean of Westminster, "because it was out of a discussion we had in the Abbey years ago that it all started."

"While we endure the Year of the Ostrich"

Brave Scotsmen

Coca-Cola may, as the Chinese marketing campaign puts it, *render one happy*. But I hear Seagrams has made doubly sure of this by selling a consignment of rum to fortify the secret formula. Altogether the company has off-loaded 1,700 cases of stronger brews in China, which should further lubricate international understanding. I can only wish similar success on the trade mission from Scotland which is visiting Japan next month to try to interest the Japanese in whisky and, more optimistically, in kilts. The Chinese are perhaps not yet sufficiently Americanised for *kilts, but these are of course* early days.

Reshaping a folly

Notwithstanding preoccupations on other fronts, Lloyd's is facing with urbane calm some heavy sniping from conservationists. The plans for demolishing the market's Old Building in Leadenhall Street has already evoked criticism; now the organisation "Save Britain's Heritage" has distributed leaflets claiming that few members have given support to the £45m project.

Although only about 8 per cent of Lloyd's 14,000 members did bother to vote on the Old Building scheme, four-fifths of *those were in favour. Advocates* of redevelopment insist that this was representative. More*over, they reject arguments that* the building has any special architectural merit.

It was built in the 1920s, and one occupant branded it to me as "a piece of post-Imperial fantasy"—a uniquely uncom*fortable one to work in*.

Courtenay Blackmore, Lloyd's head of administration, tells me there are *now plans to keep* several of the main rooms in the building intact. The fine marble in the main hall and carved wood columns will also be preserved. But he considers it would be "dishonest" to retain the grandiose classic-style facade, while creating something totally different behind it.

The architects involved are Piano and Rogers, who designed the Pompidou Centre in Paris. Conservationists *fear they will* be characteristically uncompromising in their approach.

Although Lloyd's hope that demolition will begin in the summer, that may be difficult in the face of conservationist protests. So far, neither planning permission nor consent to demolish has been obtained.

Collectors' items

The old French centime, no longer minted but still legal tender is being used for a distinctly un-American purpose across the Atlantic, I learn. New Yorkers visiting France are hoarding the grey, cupro-nickel, and near-worthless coins because they are the only objects —apart from 50-cent tokens— that will operate subway turnstiles back home.

Morals, and New York's bankruptcy aside, the problem is to find old centimes, which are gradually being melted down. There is, however, a continuing flow from children's piggy banks and the dark recesses of sofas and handbags into the

A friend stranded in Le Touquet for a week *waiting for* a flight to Gatwick, tells me he discovered this nefarious traffic *from a New York professor of* linguistics

"I make the rounds of every bakery I find in the French provinces," explained the perfidious academic, jingling a jackpot of 54 rides in the subway. "*In Paris they've usually* been cleaned out by other Americans."

Hopeful traveller

The latest outbreak of the British Disease has at least provided innocent amusement for *folowers of our fortunes abroad*. At a charity dinner in London on Saturday, Abba Eban, former Israeli Foreign Minister, said Labour Party colleagues at home had suggested he stay in Jerusalem and launch a Joint Britain *Appeal*. They organised a reception for him "rather like the sort of farewell parties held a century ago for explorers before they left for the North Pole.

"I was of course the obvious choice for the mission to London." Eban added with the acerbic wit that distinguished *him as a don at Cambridge*: "I speak fluent English and Arabic"

Eban considers a peace treaty in the Middle East will be concluded despite the present impasse. The main hurdles, he says, have been passed in a way inconceivable 18 months ago. Who, he asks, would have believed then that Egypt would ever negotiate with Israel, or that Israel would accept total *withdrawal from the Sinai* peninsula?

Inside dealings

A reader has sent me an illuminating advertisement from a U.S. magazine. It is for "executive underwear," attractively printed with Stock Market *listings*, and "packaged in a briefcase-like case." What better recommendation than that *this useful* (as well as tasteful) garment has been designed "by recent grads of Harvard Business School."

Observer

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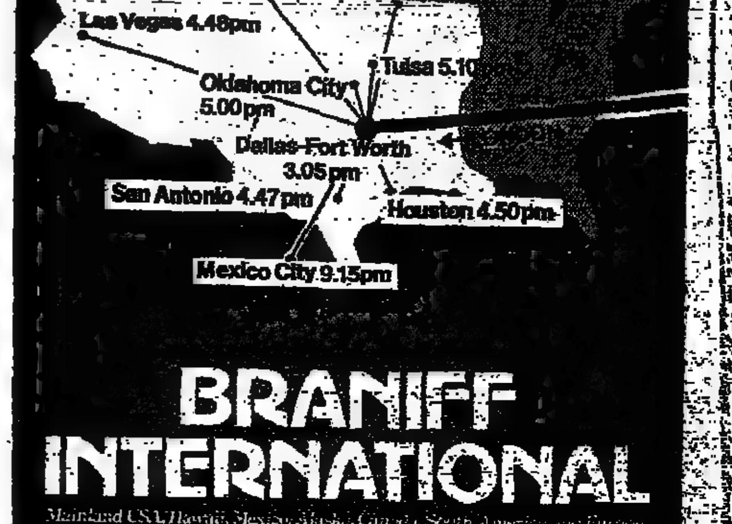

BRANIFF INTERNATIONAL

The flaws in Volvo's grand design

By WILLIAM DULLFORCE, Nordic Correspondent, in Stockholm

"PEOPLE ABROAD have the impression that the advance of Swedish industry has been broken—that we are resting on our laurels, that we lack ideas and commitment and have an uncertain future. Volvo wanted to show that this need not be so."

This spoke Mr. Pehr Gyllenhammar, Volvo's managing director, on Friday, when he acknowledged the defeat of his plan to sell 40 per cent of the car and truck company to Norway for SKr 950m (£110m or $218m). The words reflect the dimensions in which he himself saw the complex deal he had negotiated, involving a North Sea oil venture for Volvo and complementary agreements between the Swedish and Norwegian governments for oil and timber exchanges. The words also display a highly pitched ambition in the leader of a private enterprise.

Mr. Gyllenhammar was defeated in a 17-day campaign by a group of small shareholders, who had their noses much closer to the ground and thought their managing director should apply more mundane business criteria. They have staged one of the most dramatic confrontations in Swedish business history and in the process have thwarted the designs of two governments.

The political reverberations of their victory are likely to be widespread within Sweden. The trade unions and left-wing parties see the shareholders' action as a classic example of capitalism subverting national interests. The victors believe that by puncturing the package of linked agreements they have demonstrated the incompatability of mixing state and private business.

Yet Mr. Gyllenhammar may not be entirely wrong in linking the fortunes of his company with those of Swedish industry in general. Volvo's Norwegian drama has spotlighted dilemmas common to Swedish manufacturing companies. With its SKr 19bn turnover in 1978 and its 45,000 employees in Sweden, Volvo is the country's biggest industrial enterprise. Like that of the Swedish economy as a whole, its existence depends on exports. It has to compete abroad from a high-cost base and in recent years it has not been able to generate enough profit to make the long-term investments which might ensure its future viability.

Mr. Gyllenhammar insists that Volvo remains a sound company. It is true that it has come through the recession financially intact and has not had to reduce the shareholders' dividend. But the fall of the Volvo share price on the Stockholm exchange from around SKr 250 to SKr 80 over the last five years illustrates the market's opinion of its status and its equity ratio (shareholders' equity plus 47 per cent of untaxed reserves as a percentage of total assets) has slumped from over 31 per cent in 1972 to under 28 per cent.

Under Mr. Gyllenhammar's leadership during this decade Volvo has fought a skilful defensive battle but with the exception of its heavy trucks every effort to break out of its defensive posture has failed. The Volvo 343 car produced in Holland is still losing some SKr200m a year, the plan to assemble cars in the U.S. has had to be abandoned and diversification into construction and forestry machinery and into leisure products have not been profitable.

In common with other Swedish engineering exporters Volvo faces a new competitive situation. The threat is not so much the new car production in low-cost countries as the invasion of the market sector into which its main product, the large 240/260 models fit, by existing high volume producers.

Volvo has spent heavily on rationalising its production and has continued the policy, which has hitherto served it well, of gradual technical improvement of its cars. Now it has to meet both the competition of bigger car makers and the challenge of a swifter advance in car technology, involving electronics and new materials.

Mr. Gyllenhammar said on Friday that his deal with Norway was not just a matter of money but the thread running through the shareholders' prospectus was the company's need for more capital. The reduced return on capital has coincided with the necessity to spend more on research and product development and on tooling up for a new car. Both the size and the risk of the investment have increased. The question is whether they are beyond the capacity of the present shareholders and whether Volvo can remain a private company or whether it must suffer the fate of the nationalised Swedish shipyards and steel mills.

Over the last two years it has made three attempts to solve its problem: the first was an abortive merger with Saab-Scania, the other Swedish car and truck maker. The second was to seek product development funding from the Government, which was already committed to unprecedented outlays on buttressing the ship yards, steel and mining companies. Volvo was not turned down flat, but the Ministry of Industry wanted to revert to the possibility of merging Swedish car production.

Interperting that as a snub from the non-Socialist Government, Mr. Gyllenhammar went across the border to the Labour Government in Norway. Norway has oil money to spend and has been trying for years with little success to interest other countries in trading industrial co-operation and technology for North Sea oil. More particularly, the Norwegians are eager to process more of their aluminium into finished products and to develop their new plastic industry—two materials of growing importance in car construction.

VOLVO: PRODUCTS AND MARKETS

PRODUCT GROUP	1975	1976	1977
	Per cent of total sales		
Cars	55	54	51
Trucks	22	23	25
Buses and public transport systems	2	3	3
Marine and industrial engines	4	5	5
Construction equipment, farm and forest machinery	12	11	11
Aircraft engines, etc.	3	2	3
Recreational products	1	1	1
Other sales	1	1	1
Total	100	100	100
TOTAL SALES (SKr m)	13,692	15,743	16,168

MARKET AREA	1975	1976	1977
	Per cent of total sales		
Sweden	29	32	29
Nordic Area, excluding Sweden	13	13	14
Europe, excluding Nordic Area	28	30	33
North America	16	11	12
Other markets	15	14	12
Total	100	100	100

Source: Volvo

Moreover, Norway could offer another and more promising opportunity for diversification by a privileged entry to North Sea exploration and the chance of moving into the offshore construction and supply business. Finally, the whole scheme would give an enormous boost to the Nordic industrial co-operation, which the five countries of northern Europe have long thought desirable but have done little to realise.

When it was announced last May, the Volvo-Norway deal impressed by its boldness and vision. What went wrong? On the face of it there was a sound basis for co-operation between Norwegian companies and Volvo. Norway produces about 650,000 tonnes a year of primary aluminium, an industry which owes its existence to cheap hydro-electric power. Only about 100,000 tonnes is processed domestically into semi-finished or finished products.

The Norwegians want to process more of their aluminium and reap the benefit of the added value. Like Sweden, Norway is a prosperous welfare state with high incomes and high-cost production. It, too, has over-capacity in its shipyards and its manufacturing companies have a productivity problem, because they have been induced to keep on more workers than output and sales justify.

Following the Swedish example again, there is urgent need to reorganise Norwegian industry and to develop new branches and higher-grade products. Norway will not lack investment capital but it is short of experience of product development, management and marketing. For the past couple of years the Government has been trying to "buy" experience by offering long-term oil contracts in return for industrial co-operation. A prime target has been West Germany, but results have so far been disappointing.

In the aluminium field plans centre on three companies, Ardal og Sunndal Verk, Kongsberg Vaapenfabrikk, and Raufoss Ammunisjonsfabrikker. All are state-owned. Aarday and Sunndal is a big primary producer moving down market, buying up foundries and developing its own processing units. The other two were originally ammunition and military equipment manufacturers but have expanded into metal processing, turbine production and electronics.

All three are suppliers to Volvo on a small scale and wish to exploit the opportunity offered by the increasing use of aluminium components in the automobile industry. Raufoss makes the new bumper on Volvo cars. Statistics are uncertain, but probably not much more than 10,000 tonnes of Norwegian aluminium is currently processed into automotive components at home.

This compares with exports to West Germany of some 170 000 tonnes of primary aluminium a year. The Norwegians do not know how much of it goes into automobile components, but it is certainly considerably more than the 10,000 tonnes they process themselves.

For the Norwegian Government the arrival in Oslo of Mr. Gyllenhammar seeking capital opened up an enticing prospect of a captive customer and the opportunity to develop products in close collaboration with a manufacturer whose skill in component buying is internationally recognised. Similar prospects were seen for the infant plastics industry, based on the new petrochemical complex at Rafnes.

A new car project was outlined, to be developed at least to the prototype stage in Norway and with Volvo and Norwegian aluminium and plastic manufacturers co-operating in the development of new light materials. Two sets of high-cost producers with productivity and competition problems were setting up a bi-national effort to exploit their technical advantages with an input of risk capital sufficient to see them through the next five years. From the industrial point of view it looked promising.

The trouble was that Mr. Odvar Nordli, the Norwegian Prime Minister, needed to meet some political objectives. Volvo was committed to establishing between 3,000 and 5,000 new jobs in Norway and to spending between SKr 580m and SKr 830m there over the five-year period. These commitments largely nullified the effect of Volvo's SKr 750m equity gain. In addition the deal was tied to long-term agreements between the governments for Norwegian oil deliveries to Sweden, which in turn was linked with an agreement for Swedish timber deliveries to Norwegian mills. This last agreement was interpreted differently by the two governments.

The outcome was a pot-pourri which not only did not stand up to the examination of business analysts but would also have imposed a great burden on the Volvo management. Doubts even took root in the Volvo boardroom. The fact that the Swedish Shareholders' Association was able to mobilise 38 per cent of the shareholders and block the sale of stock to Norway was probably due mainly to suspicion of the complexity of the package and of the unconvincing blend of political, national economic and business interests.

Mr. Gyllenhammar's third effort to solve his company's capital problems has failed. The development problems of Norwegian industry also remain. What now?

The Volvo management says it will pursue its contacts with Norwegian aluminium and plastics manufacturers but they may already indirectly have gained from all the publicity. Next month Oslo expects visits from Ford's European purchasing director, a Citroen team, and Fiat's managing director, Sig. Umberto Agnelli. Daimler-Benz and BMW have also signalled their intention to send delegations.

For Volvo the immediate course is to retreat within the Swedish bastion. The institutional investors, who helped bring down the Norway project by arguing that the company's capital needs could be met at home, are now morally bound to show the colour of their money. That may not however meet Volvo's long-term requirements.

A return to the idea of a merger with Saab-Scania seems to be inevitable. It has been advocated by the coalition Government, which collapsed in October, by the present Liberal minority Government, by the opposition Social Democrats and by the unions. The Government has been examining a modified merger, perhaps restricted to the car operations.

There will be some obstacles in the short-term. They concern what may be termed the "conspiracy theory" about the breakdown of the Norwegian plan. According to it, the general of the campaign against the Norwegian project was Dr. Marcus Wallenberg, Saab-Scania's chairman. Dr. Wallenberg worked for a merger with Volvo in 1977. The conspiracy theory is accepted as true in Oslo and also by the Swedish Social Democrats and unions.

Mr. Olof Palme, the Social Democrat leader, said yesterday that providing more private capital for Volvo would only "give greater influence to the Wallenberg interests." The funds should be public. Mr. Palme is poised for a return to power in the election in September. Volvo's small share-holders have won a battle: they have yet to win the war.

Letters to the Editor

Bearings in Europe

From the Managing Director, Industria Engineering Products

Sir,—It was with interest that we read your article of January 23 regarding SKF and the general bearing market situation in this country.

I really feel that it must be stated that you did not give enough prominence to the tremendous competition from ...tern Europe, namely the ...necon countries. Whatever ... is said about the market, ... Japanese companies have ... the end got to make a profit ...eventually they will be out of ...iness. From eastern Europe, ... Communist countries are ...ing at what is referred to ...he bearing trade as political ...es, and this they are doing ...ely to obtain western currency. The menace from ...tern Europe, in our opinion, ... that of most bearing com...les, is far greater than the ...anese have ever been.

...t is so difficult to prove ...uping against eastern ...opean companies, due to the ...iculty in comparing their ...estic prices with their ex...t prices. The high volume ...s which the Japanese specia...d in originally have always ...n a fairly cut-throat market. ... bearing companies did at ...t get profit, as you indicated ...your article, in the replace...t market, but as you did not ...icate in your article, in the ...ler sizes of bearings which ... not the high volume types. ...is precisely in this once ...fitable area that eastern ...opean companies have been ...hing hard at prices far below ...tern European production ...s.

...t would make a nice change ... the EEC to look at the ...es from eastern European ...ntries for bearings, bearing ...mind the highly subsidised, ...ionalised and political ...ure of eastern European ...anisations, instead of con...ntly crying wolf about the ...anese.

...f eastern European inroads ... ignored, the bearing in...try in western Europe, which ... such a strategic industry, ...l eventually come close to ...lapse.

... Leach.
...ustria Engineering Products,
...dale Road,
...bridge, Middx.

...loyd's old ...uilding

...m the Chairman, ... Britain's Heritage

...ir,—There is surely an irony ...seeing the President of the ...al Institute of British Archi...s (January 15) intervening ...lefend the destruction of a ...or work by one of his ...itute's own Gold Medallists. ...en Sir Edwin Cooper was ...rded the RIBA Gold Medal ...1931, three years after the ...pletion of his Lloyd's build... Mr. Graham's predecesssor ...sed Cooper as "one of the ...t brilliant and skilful ...ners of our time." Mr. ...ham suggests that few would ...rrel with the judgment that ...yd's is "conventional, com...cial, classical." King George ...t the official opening of the ...lding stated: "The Corpora... of Lloyd's is to be con...tulated on this splendid ...ition to the architecture of the City of London." The abundant coverage given to the new building in the architectural Press at the time make it unmistakedly clear that Cooper's building was considered something out of the ordinary.

Lloyd's was no less enthusiastic. When Cooper received his Gold Medal, Sir Percy Mackinnon said on behalf of Lloyd's: "I was associated with Sir Edwin Cooper in the building of the new Lloyd's building, and I can say without any hesitation or qualification, that it would be difficult to imagine a greater architect than Sir Edwin Cooper . . . he has produced for us at Lloyd's an almost perfect building." It is the interior of Cooper's building which is the finest point: the vaulted corridor; the elliptical tribune; the magnificent underwriting room; the library; the committee room; and the dining room. Two of these, Christopher Hussey said in 1928, were "as good as anything done in the City since the time of Grinling Gibbons."

Cooper's Port of London Authority building has been modernised and refurbished—a similar programme in the Lloyd's old building would cost far less than the proposed £45m new development.

Out of Lloyds 14,000 members only just over 900 voted on the proposals—most were not even sent a proper brief. Once again we urge that refurbishment should be considered in preference to redevelopment.

Marcus Binney.
Save Britain's Heritage,
3 Park Square West, NW1.

Lucky for London

From the Leader of the Opposition, Greater London Council

Sir,—On January 24 you carried an article which referred to the £250m that Greater London Council will spend on inner city projects. You quote the deputy leader of GLC as attacking the Labour Government for lacking financial muscle. This is a completely untenable position, in fact Government aid to inner London massively exceeds GLC spending. Money is available to GLC because of the Labour Government's policy of discriminating in favour of the big cities, in total contrast to national Tory policy of cutting public spending and switching the bulk of the remainder to the shires.

The absurdity of the claim to be spending £250m this year while the Government stands idly by is exposed by simple arithmetic. We can deduct £50m paid by Government for the Thames Barrier and £60m paid for inner area transport spending. Most of the rest is housing which receives a 60 per cent Exchequer subsidy. All in all, perhaps £80m will be spent by GLC in the inner city. Of course, much of this cannot be described as spending on inner city needs.

This has to be compared to the massive Government support, not only the sums mentioned above, but also the £1bn London gets in rate support, which is 29 per cent of the national allocation (a vast improvement on the 14 per cent received from the Heath Government). Special inner city spending by Government alone exceeds the GLC contribution: the urban programme and environmental schemes are worth over £100m a year and inner city construction aid is about £50m. Luckily for London this inner city aid is controlled by a Labour Government and we get about a third of the total.

Quite apart from Government aid to other local authorities and health, education and employment organisations the Government spend £3 on London's inner city projects, for every £1 spent by GLC. The Tories at County Hall would do better to reflect on the help London gets from Government and spend less time making hypocritical attacks on that Government.

(Sir) Reg Goodwin.
Room 133, County Hall, SE1.

Picketing and a free society

From Mr. P. Bridge

Sir,—I would like to take issue with your correspondent, Justinian, January 22) who suggests that some form of picketing is reasonable and should be permitted in a free society.

Picketing is not just a means of communication. Employees who agree together to withdraw their labour have considerable opportunities to draw the attention of other employees to the fact that they are doing so and the reasons for it. Indeed it would be difficult for the other employees to avoid acquiring this knowledge quickly. There is no reason why such employees should be given the legal privilege of a means of communication which is an oppression to others.

Picketing is a form of terrorism, a threat to the individual that a certain group (which may be powerful, cruel, unscrupulous and immune from ordinary legal sanctions) is noting his actions and may make his life unbearable if he does not adopt the course desired by the group.

It is tempting to assume that there is some serious argument for picketing because many apparently respectable and responsible people such as the Prime Minister defend it. In the same way no doubt many well intentioned people in Spain assumed that there must be serious arguments in favour of the tortures of the Inquisition.

P. E. Bridge.
Patten Bridge and Co.,
3, Verulam Buildings,
Gray's Inn, WC1.

Strategy for energy

From Mr. N. Jenkins.

Sir,—In your issue of January 10 you reported the chairman of the Central Electricity Generating Board as calling for speed in planning for district heating. Also (January 12) the review of the International Institute for Environment and Development's new report "a low energy strategy" shows how small a part electricity will play in the new energy strategies now developing. At last, the change of emphasis that was demanded by the demarche of the Organisation of Petroleum Exporting Countries in October, 1973, is now beginning to be acknowledged.

In the full report of Mr Glyn England's speech at Didcot power station there is admitted the need for radical modifications to generating units; also there is identification of a crucial question outside the CEGB's competence — whether there would be wide enough acceptance of distributed heat as a public service.

The answer to that is to show by completely independent enquiry just how little the resulting energy would cost when generated in combined heat and power plant—compared with substitute natural gas, the only valid alternative. Doorstep plant and distribution building costs, together with hearth-rug — in-house consumption costs — have yet to be mounted alongside each other for the ultimate comparison.

Such enquiries and eventual priority decisions are the function of an independent energy council, not for an energy commission which only serves as a platform for public quarrels between energy interests each promoting their own case, rightly or wrongly as they must do to preserve their separate identities.

The speed with which the consumer changed to gas will be as nothing when piped hot water is available—at a lower cost. In London Pimlico has it at 15p per therm.

Mr. England's recent speech refers to greenhouses at Drax and fish farming at other power stations. The greenhouse at Drax covers half-an-acre. At 10 watts per sq ft there is enough waste energy from one Drax 2,000MW (e) unit to heat 10 square miles. The use the same speaker suggests for heat at Didcot must be something dramatically novel if more than a tiny fraction could be put to useful ends. How can such trifling developments be anything but red herrings, how can they be in any sense the ". . . encouraging developments in joint ventures with private enterprise" this speech promises?

Surely, our need for an independent energy council — to replace the now admittedly outmoded Electricity Council — is urgent and vital to our precious energy future.

Norman Jenkins.
Whitehill, Ewshot, Farnham, Surrey.

Can employers strike?

From the Managing Director, Malton Textiles

Sir,—Employers have a weapon quite as strong as the employees' right to withdraw their labour. Employers are unpaid tax collectors for the Government. Every week they collect PAYE at great cost to themselves in staff employed, books kept and audited.

Therefore, I suggest that all employers give notice that on a certain date they will cease to pay over PAYE until Parliament brings in laws to forbid strikes in essential industries, to limit the numbers on picket lines, to prevent secondary picketing, to enforce secret postal ballots before strikes and to forbid closed shops.

This idea will be more attractive to small and medium firms than to the large, State-supported companies, but it is one way of forcing action against the selfish bullying of a few powerful unions.

D. C. Smith,
Malton Textiles.
Bean Sheaf,
Kirby Misperton,
Malton, N. Yorks.

Today's Events

GENERAL

UK:—TUC General Council discusses the economy with the Prime Minister in Downing Street.

TUC Employment Policy and Organisation Committee meets to consider industrial relations and a new picketing code.

National Union of Journalists starts disciplinary hearing in Birmingham on 100 members who disobeyed strike instruction.

National Union of Bank Employees special delegates' conference called to consider banking hours.

UK-Romanian Joint Commission meets the London Chamber of Commerce for trade talks.

Sir Kenneth Cork, Lord Mayor of London, visits City of London Deanery Synod at Innholders' Hall, College Street.

Overseas:—Mr. Deng Xiaoping, Chinese Vice Premier, begins a nine-day tour of the U.S., including visits to Washington, Atlanta, Houston and Seattle — starting with a state dinner given by President Carter at the White House (ex-Presidents Nixon and Ford will attend).

Mr. Christoph Van der Klaauw, Dutch Foreign Minister, and chairman of the Council of Europe, addresses the Council of Europe Parliamentary Assembly (meeting in Strasbourg, until February 2).

International Sweets and Biscuits Fair opens in Cologne (until February 1).

International air conditioning, heating and refrigeration show opens in Philadelphia (until February 1).

PARLIAMENTARY BUSINESS

House of Commons:—Second Reading of the Price Commission (Amendment) Bill. Wireless Telegraphy Broadcast Licence (Charges and Exemption) (Amendment) Regulations.

COMPANY RESULTS

Final dividends: Dolan, Abt Panels. Interim dividends: Midland Trust, Rowland Gallery Country and New T... Properties.

COMPANY MEETINGS

See Financial Diary on page 12.

This announcement appears as a matter of record only.

29th november, 1978

FRENCH FRANCS 150,000,000
9 3/4 per cent. Bonds due 1988

elf aquitaine
Société Nationale Elf Aquitaine

Banque Nationale de Paris
Banque de l'Indochine et de Suez — Crédit Lyonnais
Deutsche Bank Aktiengesellschaft — Dresdner Bank Aktiengesellschaft
Union Bank of Switzerland (Securities) Limited — Swiss Bank Corporation (Overseas) Limited
Nomura Europe N.V.

Alahli Bank of Kuwait (K.S.C.) — Algemene Bank Nederland N.V. — Al Saudi Banque
A.E. Ames & Co. Limited — Amsterdam-Rotterdam Bank N.V. — The Arab and Morgan Grenfell Finance Company Limited
Banca Commerciale Italiana — Banca del Gottardo — Banca Nazionale del Lavoro — Bank of America International Limited
Bank Julius Baer International Limited — Bank Gutzwiller, Kurz, Bungener (Overseas) Limited — Bank Leu International Ltd.
The Bank of Tokyo (Holland) N.V. — Bankers Trust International Limited
Banque Arabe et Internationale d'Investissement (B.A.I.I.) — Banque Bruxelles Lambert S.A. — Banque Commerciale S.A.
Banque Française du Commerce Extérieur — Banque Générale du Luxembourg S.A. — Banque de Gestion Privée
Banque Internationale à Luxembourg, S.A. — Banque Internationale pour l'Afrique Occidentale (B.I.A.O.)
Banque Louis-Dreyfus — Banque de Neuflize, Schlumberger, Mallet — Banque de Paris et des Pays-Bas — Banque Rothschild
Banque de la Société Financière Européenne S.F.E. Group — Banque de l'Union Européenne
Banque Vernes et Commerciale de Paris — Banque Von Ernst et Cie S.A. — Banque Worms
Barclays Bank International Limited — Baring Brothers & Co. Limited — Bayerische Hypotheken-und Wechsel-Bank
Bayerische Landesbank Girozentrale — Bayerische Vereinsbank — Bergen Bank
Berliner Handels-und Frankfurter Bank — Blyth Eastman Dillon & Co. International Limited
Caisse Centrale des Banques Populaires — Caisse des Dépôts et Consignations — Centrale Rabobank
Chase Manhattan Limited — Chemical Bank International Group — Christiania Bank og Kreditkasse
Citicorp International Group — Compagnie Monégasque de Banque — Copenhagen Handelsbank — County Bank Limited
Crédit Agricole (C.N.C.A.) — Creditanstalt-Bankverein — Crédit Commercial de France — Crédit Industriel et Commercial
Crédit du Nord — Credit Suisse First Boston Limited — Credito Italiano
Daiwa Europe N.V. — Richard Daus & Co. Bankiers — Den Danske Bank af 1871 Aktieselskab — Den norske Creditbank
DG BANK Deutsche Genossenschaftsbank — Dewaay & Associés International S.A. — Dillon, Read Overseas Corporation
European Banking Company Limited — Finacor — Girozentrale und Bank der Österreichischen Sparkassen Aktiengesellschaft
Antony Gibbs Holdings Ltd. — Goldman Sachs International Corp. — Hambros Bank Limited — Hill Samuel & Co. Limited
E.F. Hutton International N.V. — Industriebank von Japan (Deutschland) A.G. — Interunion-Banque
Istituto Bancario San Paolo di Torino — Kansallis-Osake-Pankki — Kidder, Peabody International Limited
Kleinwort, Benson Limited — Kredietbank N.V. — Kredietbank S.A. Luxembourgeoise
Kuhn Loeb Lehman Brothers International — Kuwait Foreign Trading Contracting & Investment Co. (S.A.K.)
Kuwait International Investment Co. s.a.k. — Kuwait Investment Company (S.A.K.) — Lazard Brothers & Co., Limited
Lazard Frères et Cie — McLeod Young Weir International Limited — Manufacturers Hanover Limited
Merrill Lynch International & Co. — Mitsubishi Bank (Europe) S.A. — Morgan Grenfell & Co. Limited
Morgan Stanley International Limited — Nederlandsche Middenstandsbank N.V. — The Nikko Securities Co., (Europe) Ltd.
Oesterreichische Länderbank AG. — Orion Bank Limited — Peterbroeck, Van Campenhout et Cie — PKbanken
Postipankki — Privatbanken Aktieselskab — Salomon Brothers International
J. Henry Schroder Wagg & Co. Limited — Skandinaviska Enskilda Banken
Smith Barney, Harris Upham & Co. Incorporated — Société Bancaire Barclays (Suisse) S.A. — Société Générale
Société Générale Alsacienne de Banque — Société Générale de Banque S.A. — Société Lyonnaise de Dépôts
Société Séquanaise de Banque — Strauss, Turnbull & Co. — Sumitomo Finance International — Svenska Handelsbanken
Vereins-und Westbank Aktiengesellschaft — J. Vontobel & Co. — S.G. Warburg & Co. Ltd.
Westdeutsche Landesbank Girozentrale — Westfalenbank Aktiengesellschaft — Dean Witter Reynolds International
Wood Gundy Limited — Yamaichi International (Europe) Limited

7-519 - Mestre et Renou, Paris

McCorquodale has sound base for further growth

During the past two years, McCorquodale and Co. has made considerable advances and Mr. Alastair McCorquodale, chairman, believes a sound base for sustained profitable growth has been established.

Excellent opportunities exist for all major divisions, and the chairman is confident the group is well equipped and able to seize these opportunities.

Despite the uncertainty of the short-term outlook, the group is planning for another increase in profits and earnings. There is cautious optimism that a further advance will be reported for the current year.

For the year ended September 30, 1978, profits before tax rose 36 per cent to £4.12m on turnover up 10 per cent to £57.44m. It is also proposed to subdivide the £1 shares into 50p units and make a scrip issue of one new share for every four ordinary 50p shares.

On a CCA basis, profits are reduced to £2.5m after additional depreciation of £1.5m, cost of sales adjustment, £0.3m and gearing, £0.2m.

During the past year, total share capital and reserves increased by £2.28m to £21.38m and now represent £4.18 per ordinary share.

The group spent over £4m on fixed assets due to continuing and essential investment in new productive equipment. A worldwide revaluation of major freehold and leasehold properties, has identified a net surplus of £811,000.

Total borrowings, both long-term and current, were reduced by £1m to £8.6m, while over £3m is retained in short-term deposits, investments and cash.

During the past twelve months the directors substantially refinanced the U.S. companies and this has significantly strengthened them and will benefit the group as a whole.

The Nigerian subsidiaries, have again not been consolidated. Since the end of the financial year directors have sold the interests in the two companies for cash which, when remitted to the UK, should be more than sufficient to cover the value placed upon those investments in the consolidated balance sheet.

Meeting, Basingstoke, February 21 at 12.45 pm.

Gleeson wins major UK contracts

Contracts worth more than £3.6m in the UK, have been won by subsidiaries of M. J. Gleeson (Contractors).

Gleeson (Sheffield) has been awarded a contract valued at £1.02m by the Trent Regional Health Authority for the construction of phase one of residential accommodation for Chesterfield District General Hospital.

Gleeson (Sheffield) has also been awarded a contract of £500,513 by the Metropolitan Borough of Rochdale housing service committee to provide alterations and improvements to 76 dwellings at the Hardfield estate, Haywood, Rochdale, Lancs.

Gleeson Civil Engineering has been awarded a contract worth £1.36m by the Welsh National Water Development Authority, Dee and Clwyd sewage division, to construct extensions to the Queensferry sewage disposal works.

Gleeson Civil Engineering has also been awarded a contract by the NCB opencast executive, Northern Region, to construct a haul road, bridges and culverts at the Togston, Northumberland opencast site.

Bowthorpe reshapes UK offshoots

Bowthorpe Holdings has restructured its UK-based businesses to meet future expansion.

The move has resulted in the creation of three district companies out of Bowthorpe-Hellermann, previously the main subsidiary of Bowthorpe Holdings. Until now, Bowthorpe-Hellermann comprised six operating divisions.

Of these, Hellermann Deutsch (East Grinstead) becomes Hellermann Deutsch, while Hellermann Electronic Components, formerly the terminals specialist division, becomes a division of Hellermann Deutsch.

To consolidate their closely-related product ranges, Bowthorpe EMP (Brighton), the group's electric power transmission components division, becomes Bowthorpe EMP.

Bowthorpe-Hellermann continues with the other three divisions: Hellermann Electric (Plymouth) and Hellermann Insuloid (Manchester) and Bowthorpe-Hellermann Distributors (Birmingham) selling group products into the electrical wholesaling sector.

The other two Bowthorpe subsidiaries in the UK, Power Development (Cheshunt) and the Redpoint Group (Swindon) remain unaffected by the changes.

JOHN BROWN AND COMPANY, LIMITED

Interim Report

John Brown Engineering, Constructors John Brown and Craven Tasker have so far this year traded even better than we expected six months ago. Wickman and John Brown Plastics Machinery have fared worse. The rest of the Group is more or less on target.

Our final accounts will reflect the continued strength of the Company's liquid position, *further enhanced this year by the successful* rights issue of shares made last November. The final accounts are expected also to include a provision for an extraordinary item of probably *around £1m after* tax, *to cover costs likely* to be incurred next financial year in connection with a major restructuring of our machine tool activities. I say what this comprises later in *this Report*.

The severe industrial unrest in the country as I write and the reaction to it of the Government especially but also of some employers *undoubtedly introduces an abnormally worrying* uncertainty to the background against which, in this Interim Report, we make our customary prediction of the year's results. We have taken *into account the likely effect upon the Company* of these problems so far as we believe today, in the last week of January, is reasonable: we have not presumed the worst to be inevitable. *We are hopeful that despite these difficulties* and provided no clearly exceptional and at present unforeseen circumstances arise the Group profit before tax for the year to March 1979 will be around £28m: perhaps in the outcome slightly better. In line with the intention expressed in my letter to stockholders announcing the recent rights issue, an interim dividend of 7p on each unit of ordinary stock will be paid on 6th April. Later in this Report I refer again, but rather more fully, to the current industrial and economic climate in the country which is of such concern to us all.

John Brown Engineering (Clydebank) Limited will this year probably ship to customers only about two-thirds of last year's record number of gas turbine units but the mix is different with a higher proportion of larger machines. This, combined with a satisfactory spares and service business, is likely to bring an improvement in overall gas turbine profits. JBE will also benefit this year from a useful contribution from the former offshore fabricating activity terminated last year, stemming in the main from settlements on completed contracts. *Looking ahead, the general prospects for gas turbines* remain good but presently we are in need of new orders at Clydebank, a situation not uncommon at this time of year.

Constructors John Brown Limited will again have made excellent profits in 1978, better than in the previous year as a result of increased levels of activity. The prospects for 1979 are *again good although the forward* order book has not been as strong as it has been in the last two years. Recently, however, we have taken valuable new business, particularly contracts from the People's Republic of China and in the North Sea and there is now in total an encouraging volume of work in hand, all of which is on reasonable terms and is being executed satisfactorily. We have capacity for a good deal more work, especially in the latter half of 1979, and this we shall need to fill if activity levels achieved in recent months are to be matched: we are hopeful of doing so.

Craven Tasker Limited is expected to realise the promise it showed last year and again to produce excellent results. There will be a handsome contribution from Boalloy Limited, acquired this year; this company is doing very well indeed and we are enjoying having it in the Group.

With only few exceptions, our machine tool companies in the United Kingdom are still having a very difficult time, indeed worse than we expected, and profits overall will be less than last year. *These adverse trends are clearly largely* permanent in nature and require us therefore to take steps to cut back our involvement in some of these fields to a scale more commensurate with the foreseeable business potential. To these ends we have with regret had to announce the termination of our activities at the Wickman Lang factory in Scotland and a permanent reduction in the scale of the multi-spindle automatic business at Banner Lane in Coventry. Essential though these measures are to eliminate losses they are also constructive: given cooperation from our employees they should be important steps towards creation of a sound machine tool business, giving both a reasonable return and the prospects of good employment. The costs of this restructuring, falling in the main next year, will be provided for in this year's accounts as mentioned earlier at the beginning of this Report.

There are some brighter spots among the smaller companies of the Wickman Group where a modest improvement in market conditions combined with excellent marketing and engineering will produce rather better results than last year. We have also further strengthened our organisations in the United States and on the continent of Europe, both of which are already producing better sales performances and at home we have continued to invest in new plant and product development—all part of our long term plan to re-establish the profitability of our machine tool companies as a whole.

Of the other principal Group companies, Markham and Company Limited and, in Canada, Firth Brown Stainless Limited, are both expected to have another good year; Firth Brown Tools Limited still operates in a depressed market and will perform much the same as last year; John Brown Plastics Machinery Limited, after the modest improvement achieved last year, has met further difficulties and is unlikely to make much contribution to Group results.

Stockholders will, I hope, agree that the results forecast for the current year in this Interim Report are satisfactory, despite the problems we still have in machine tools and in plastics machinery and despite also the effects on us of the current national industrial unrest. Along with all other successful businesses in the United Kingdom, however, we are now once again threatened by the dangers of exceptional inflation and by the harm that can be done to us by widespread industrial conflict. I would like briefly to explain what our policy is in the face of this disturbing situation.

We have supported strongly the Government's fight to check inflation in recent years, hard though that has been to do; much of the burden has fallen on our managers who themselves are amongst the hardest hit personally by the forms of incomes policy they have had to try to administer. We have sought to continue to operate within the pay guidelines contained *in last autumn's White Paper, even after* Parliament refused to support the Government in applying sanctions to companies in breach of those guidelines. Now it appears that the Government itself has accepted that its original Phase IV guidelines can be broken: I say this appears to be so because the position is far from clear, an ambiguity which in itself is highly reprehensible.

In these circumstances we shall have to watch developments *closely: we* have to be realistic and to an extent may have to react to the general pattern of pay settlements that emerges around us. However, we believe that the logic behind the Government's now faltering guidelines remains as powerful, if as unpalatable, as it always was. If pay increases in general exceed a very modest figure indeed, then unless they are genuinely financed by increased productivity, either we are in for a potentially mortal dose of inflation or we face measures *that would severely restrict trade and invest*ment and lead to dreadful unemployment: or both.

At John Brown therefore we intend so far as we can to continue to seek to settle pay claims within the guidelines laid down by the Government last autumn; we shall pursue energetically and imaginatively all avenues to reward genuine *improvement in productivity*. But we would also wish to reward and encourage employees who have contributed significantly to the success of those parts of the Group that are profitable, *especially those that export directly or indirectly* a substantial proportion of their turnover, even where an increase in productivity cannot be demonstrated under the rigid rules in the guidelines of the last two years. We *believe that such* pay increases would be within the spirit of the Government's intentions and not harmful to the national interest provided such increases were moderate and could genuinely be afforded and provided that the business concerned remained satisfactorily profitable, continued to generate sufficient cash to support capital investment and remained competitive in the market place.

I would like to end my first report to stockholders with a reference to my distinguished predecessor. Stockholders I am sure will be glad to know that I continue to derive great support and help from Lord Aberconway as a close and specially valued colleague and in his capacity as a director of this Company. On 4th September last year, following the postponed Annual General Meeting, he was also appointed our first President. The Company owes him a great debt *of gratitude and we expect to record* this more fully in our annual accounts brochure in July.

J. R. Mayhew-Sanders
Chairman and Chief Executive

● NEWS ANALYSIS

A 3-D view of the gilt-edged market

BY BARRY RILEY

AN attempted revolution is under way in the gilt-edged market. The launch last week by stockbrokers W. Greenwell of a new technique for analysing the price structure of Government bonds marks a new stage in the attack on the hitherto almost universally practised redemption yield techniques. The full weight of one of the leading gilt-edged brokers is now being placed behind the latest theories.

"I find it very exciting when a new technique increases my *understanding of the market*," says Mr. Gordon Pepper, head of Greenwell's gilt-edged department. "This is a breakthrough comparable to the development of yield curve analysis in the 1960s."

Greenwell, however, are by no *means first in the field*. For some years bond market theorists have been developing three-dimensional analysis to take over from the two-dimensional yield curve techniques which have become increasingly unsatisfactory in recent years because of the widening range of coupons on gilt-edged stocks—from 3 per cent to 15¼ per cent.

It is nearly two years since Mr. Andrew Tibbits—then of Quilter Hilton Goodison—started a daily service for clients based upon deviations from a three-dimensional surface. A year ago Mr. Tibbits moved to Cazenove and launched an improved system.

Meanwhile Mr. Robert Clarkson, *investment manager of the* Scottish Mutual Life Assurance Society, had been developing a highly sophisticated mathematical *model of the long end of* the gilt-edged market. The outcome of seven and a half years' work, the model is used internally at the Scottish Mutual. It formed the basis of a highly technical paper which caused a considerable stir when read to the Faculty of Actuaries in Edinburgh in February last year. Only last week Mr. Clarkson presented his paper again, this time to the Institute of Actuaries in London.

The Clarkson paper encouraged both Greenwell and de Zoete and Bevan to develop *their own models*. The commercial race was won by de Zoete, who introduced their gilt-edged model to clients at the beginning of this month. Now Greenwell follow with what they claim is a technical breakthrough at the short-end of the market.

The mathematical basis of *these brokers' models differs* considerably, but the object is the same: to define a three-dimensional surface which conforms to the *structure of the* gilt-edged market. Where individual stock prices are significantly out of line with the theoretical value *implied* by the surface, a potentially profitable anomaly switching opportunity may exist.

But there are several important conceptual problems. One is that a choice has to be made between a relatively simple *surface depending on only a few* parameters, and a more complex one reflecting a much higher input of data. A complex surface will represent the gilt-edged market much more closely, but it will also be unstable and difficult to interpret.

The de Zoete model uses 12 parameters, Greenwell's 13. But Mr. Tibbits argues that his Cazenove model, based on only five parameters, generates a rigid surface which has advantages as an analytical tool. "With few coefficients the surface exposes the anomalies of the market more clearly, he says.

De Zoete see things differently. They claim that their model fits the market extremely closely, and that its *great stability* and accuracy enable easy identification of price anomalies at any particular moment.

Even *so, their daily list of* price deviations acknowledges that substantial permanent or semi-permanent deviations exist *for many stocks*, and the model has some systematic shortcomings. Medium coupon stocks tend to stand below de Zoete's surface, high and low coupon stocks usually stand above it.

This reflects another conceptual complication. Some of these gilt-edged market models allow for non-linearity in the market's trade-off between capital and income (reflecting tax considerations) and some do not. The Greenwell model acknowledges a curvature in the market, and it it therefore claimed to be much superior in describing the short end.

Greenwell say that previous attempts to apply three-dimensional techniques to short dated *stocks have had only limited* success. "Curvature can explain as much as five points in the price of a four-year stock," they suggest. "As the old techniques ignored variations in this important factor, it is not surprising that the results were unreliable."

According to Greenwell curvature *is at a maximum for stocks* with a term of about four years. At this point the distribution of tax is at its greatest—highly *taxed individuals are bidding* strongly for low coupon stocks offering tax free capital gains to redemption, while discount houses are bidding for stocks with the highest running yields. This effectively pulls down the two ends of the curve—and at the moment the curvature happens to be unusually high.

At the long end of the market, however, tax is much less of a factor and curvature is minimal. For long dated stocks Greenwell agree that their model gives much the same results as de Zoete's.

Over at de Zoete, Mr. Roger Eddleston—who has produced his firm's model—is sceptical. "The great supply of middle coupons recently has distorted the market," he says. "Things will flatten out, and Greenwell's surface will wobble about a lot more."

In the document produced by Greenwell to introduce their new system the problem is acknowledged. "The danger is that a switch is opened when a stock is cheap and is closed when a stock is dear, both relative to the surface being used, but instead of a *profit there is a loss because* the surface has wobbled while the switch is open in a way that cannot be forecast."

In fact Greenwell claim that current investigations into the stability of the new type of surface are producing encouraging results. But it may be significant that they are placing less emphasis on anomaly switching than de Zoete. They point to another potential advantage of their model, claiming that shifts in the scatter of stocks about the new surface will demonstrate changes in the behaviour of certain types of investor.

This should provide clues to the future movement of the market. "By *monitoring* curvature and scatter," say Greenwell, "and in addition relating them to our first hand *knowledge of what is happening* in the market, our understanding of the market can definitely be improved."

North British Steel outlook

IN HIS annual statement, Mr. G. M. Menzies, chairman of North British Steel Group (Holdings) tells shareholders he believes a reasonable profit can be achieved in the *current year*.

This is provided the order position for the heavier range of work in the group's foundries can be improved and that there are good contributions from the subsidiaries, Balbardie and Volumair.

Orders for lighter work in the foundries remain satisfactory, the chairman says. In the heavier *range, improved technology* has had a marked effect on the quality of products and this has resulted in a better order position *in the face of fierce com*petition from home and overseas.

The signs are that this competition is becoming fiercer and margins narrower in the present worldwide recession. "We are optimistic that our improvements in technology will enable us to meet this challenge," the chairman states.

For the year ended September 30, 1978, sales increased from £8.8m to almost £10m resulting in profits of £1.01m against £901,000.

Considerable progress is being *made with the major modernisa*tion and development programme in the foundries. During the year £1.16m was spent on capital plant and equipment including furnace fume collection equipment enabling the group to make larger stainless steel castings.

In the current year two new blast units of an advanced design combining sand reclamation facilities will be installed in Armadale and Bathgate Works.

Meeting, Bathgate, West Lothian, February 16, at 2.30.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering *dividends. Official indications* are not available as to whether dividends are interims of finals, and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Country and New Town Properties, Rowland Gaunt, Midland Trust.

Final—Abbey Panels.

FUTURE DATES

Interims—

Crouch Group	Feb. 6
Dalgety	Feb. 13
Garford-Lilley	Feb. 1
Guinness Peat	Feb. 2
Seabrook Investment Trust	Feb. 2

Finals—

Aaronson	Jan. 31
Claverhouse Investment Trust	Feb. 5
Hongkong and Shanghai Bnkg.	Feb. 27
Kuala Lumpur Kepong Berhad	Feb. 2
Lebus (Harris)	Feb. 12
Lonrho	Jan. 31
Low and Bonar	Apr. 2

Confidence at Associated Sprayers

Mr. H. E. Newton-Mason, chairman of Associated Sprayers says he is confident the results for the current year will be satisfactory.

Much is being done to strengthen the group, he says. The present climate for retail business is not unfavourable and he believes that this will continue at least until the summer.

In the year to August 31, 1978, profits improved from £139,102 to £397,492 on turnover of £6.72m (£6.06m). A one-for-five scrip issue is also proposed and it is expected that the dividend on increased capital will be at an annual rate of not less than 2p net.

FINANCE FOR INDUSTRY TERM DEPOSITS

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 16.2.79.

Terms (years)	3	4	5	6	7	8	9	10
Interest %	12¾	13	13	13	13¼	13¼	13½	13½

Deposits to and further information from The Chief Cashier, Finance for Industry Limited, 91 Waterloo Road, London SE1 8XP (01-928 7822, Ext. 177). Cheques payable to "Bank of England, a/c FFI." FFI is the holding company for ICFC and FCI.

Deanson sees shortfall

WITH THE current year at Deanson (Holdings) being one of consolidation, Mr. D. M. Dean, the chairman, feels that profits will not reach the levels achieved in the previous 12 months.

Demand since the end of the year has been buoyant in all sections of the group but inflation has led to increased costs, the chairman says.

In addition, a review of future policy in the print division could lead to reorganisation there while the packaging division recently incurred substantial expenditure on a computer to help cope with additional turnover.

This, coupled with costs incurred to prepare for the next development stage, could lead to reduction in the division's contribution to group profits this year.

For the year ended September 30, 1978, profits before tax increased from £132,906 to £202,346 from turnover of £3.73m (£3.19m).

Profit on a CCA basis is reduced to £150,869 after adjustments for depreciation, £51,742, cost of sales, £25,057 and gearing, £25,322.

The chairman notes that despite group spending of over £350,000 on the acquisition of a new subsidiary and new plant, the bank overdraft at the year-end had only increased by £15,921.

Meeting, Birmingham, February 19, at noon.

FT Share Information

The following security has been added to the Share Information Service appearing in the *Financial Times:— Australian* Farming Property (Section: Trusts-Finance, Land.)

BIDS AND DEALS

Guthrie continues opposition

Following the despatch of the document containing the offers by Sime Darby Holdings for Guthrie Corporation, the Board of Guthrie and its financial advisers, Baring Brothers and Co., continue unanimously to recommend shareholders to reject the offers, which are totally inadequate and unacceptable. In the Board's opinion the offer document contains no new relevant information and does not alter the views already expressed by the Board.

HALMA

A new company, SE Accessories and Chemicals, has been formed within the expanding Halma Group of Companies to *continue the growth and develop*ment of the group's sales to the shoe manufacturing industry.

SHARE STAKES

Brown and Jackson—London Trust holds a 10 per cent interest in the company's capital.

John Carr (Doncaster)—G. Carr, director, has sold 50,000 shares at 54½p.

SIMCO MONEY FUNDS
Saturn Investment Management Co. Ltd.
66 CANNON STREET EC4N 6AE
Telephone: 01-236 1425

Rates paid for W/E 28.1.79

	Call % p.a.	7 day % p.a.
Mon.	11.204	11.456
Tues.	10.916	11.410
Wed.	11.243	11.438
Thurs.	11.170	11.440
Fri./Sun.	11.405	11.495

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It is not an invitation to subscribe for or purchase any Ordinary shares.

George Wimpey Limited
(Incorporated under the Companies Acts 1948 to 1976, No. 1397926)

SHARE CAPITAL	Authorised, issued and fully paid
Ordinary shares of 25p each	£64,000,000

All the issued share capital of George Wimpey Limited has been admitted by the Council of The Stock Exchange to the Official List.

Particulars relating to George Wimpey Limited are available in the Extel Statistical Services and copies of these particulars may be obtained during usual business hours (Saturdays and public holidays excepted) between 29th January and 12th February, 1979, both dates inclusive, from:

Baring Brothers & Co., Limited
88 Leadenhall Street
London EC3A 3DT

Grenfell and Colegrave
55/61 Moorgate
London EC2R 6DR

29th January, 1979

African Development Bank
U.S. $40,000,000
Floating Rate Notes due 1983

For the six months
29th January, 1979 to 30th July, 1979

In accordance with the provisions of the Note, notice is hereby given that the rate of interest has been fixed at 11 15/16 per cent and that the interest payable on the relevant interest payment date, 30th July, 1979 against Coupon No. 2 will be U.S. $59.72

By: Morgan Guaranty Trust Company of New York, London Agent Bank.

The Bank of Tokyo, Ltd.
Negotiable Floating Rate U.S. Dollar Certificates of Deposit
Series A Maturity date 30 July 1980

In accordance with the provisions of the *Certificates of Deposit notice is hereby* given that for the six month interest period from 29 January 1979 to 30 July 1979 the Certificates will carry an Interest Rate of 11 13/16% per annum.

Agent Bank
The Chase Manhattan Bank, N.A., London

U.S. $150,000,000
CHASE MANHATTAN OVERSEAS BANKING CORPORATION
FLOATING RATE NOTES DUE 1993

For the six months
29th January, 1979 to 30th July, 1979

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest has been fixed at 11 11/16 per cent. and that the interest payable on the relevant interest payment date, 30th July, 1979 against Coupon No. 2 will be U.S.$ 59.09.

Agent Bank: Morgan Guaranty Trust Company of New York, London

This Advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to any person to subscribe for or purchase any preference shares.

SHAW CARPETS LIMITED
(Registered in England No. 630709)

Capitalisation Issue of 890,895 10 per cent. Second Cumulative Preference Shares of £1 each.

The above securities have been admitted to the Official List by the Council of The Stock Exchange, and dealings in them will begin today.

Particulars of the Preference Shares are available in the Extel Statistical Service, and copies of the statistical card may be obtained during normal business hours on any weekday (Saturdays and public holidays excepted) for the next fourteen days from:—

Samuel Montagu & Co. Limited
114, Old Broad Street,
London EC2P 2HY

W. Greenwell & Co.,
Bow Bells House,
Bread Street,
London EC4M 9EL

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INTNL. COMPANIES and FINANCE

Record earnings at TDK

BY YOKO SHIBATA IN TOKYO

TDK ELECTRONICS Company, the top Japanese manufacturer of ferrites and magnetic tapes achieved record consolidated sales and profits for financial year to November.

Sales were Y126.21bn ($634m), up 20.6 per cent on the previous year ago while net profits went up by 11.4 per cent to Y12.38bn ($62.2m).

TDK coped with the situation arising from the higher yen by shifting its production from Japan to overseas bases—U.S., Taiwan, Korea and Mexico. Its overseas sales gained 19.5 per cent to Y34.1bn, accounting for 27 per cent of total turnover.

Since half of TDK's products sold overseas were produced abroad, the company was not badly affected by the impact of the yen appreciation. On the contrary, the yen appreciation worked favourably for the company in cutting cost of raw materials.

The favourable results were attributed largely to the sales strength of tapes and components of video tape recorders (VTR), which accounted for 10 per cent of the total sales. In order to cope with the fast moving VTR market, TDK has just acquired a factory in the U.S. for the production of tapes (the operation will start in 1981). The company also introduced its own brand VTR tapes in the U.S., both Betamax and VHS formats.

Electronic components accounted for 58 per cent of total sales, increasing 6.9 per cent, while sales of recording tapes, accounting for 40 per cent, gained by 46.5 per cent. Sales of ferrite cores and magnets increased 5.6 per cent over the previous year, but as a share of total sales, declined slightly, to 32.1 per cent from 36.6 per cent.

Combined options trading plan in US

WASHINGTON—The Justice Department has urged the Securities and Exchange Commission to approve proposals made by various stock and options exchanges to combine the trading facilities for stock and options at each exchange.

The department also urged the Commission to approve the proposal made by the New York Stock Exchange to offer its members an options trading facility physically separated from the NYSE's stock trading floor. Proposals made to the SEC by the Chicago Board Options Exchange and the American Stock Exchange if implemented would modify existing methods of stock and options trading by allowing trading in both to occur at the same location.

Assistant Attorney, John Shenefield said that the integrated markets promised to improve competition and to make processing more efficient, and that integrated trading should hasten development of a consolidated national market system.

AP-DJ

Christmas sales boost Hudson's Bay

TORONTO — Hudson's Bay Company's earnings in 1978 is projecting earnings for the year to January 31 in the area of C$2.70 a share, based on the weighted average of 16.3m shares outstanding during the year, or a total of some C$44m. The forecast follows strong Christmas sales. Last year, earnings were C$2.12 a share.

The company said that it will also report non-recurring gains in 1978 in excess of C$90m arising principally from disposition of its investment in Siebens Oil and Gas.

Hudson's Bay said that sales and revenue for the year were estimated at C$2bn.

Reuter

BIS issues new loan figures

BY MARY CAMPBELL

THE TABLE shows, for selected countries, the latest figures to be published by the Bank for International Settlements on the structure of major commercial banks' lending. It is derived from a semi-annual series of statistics first published for December 1977 as part of a general policy of improving information on the Euromarket.

Comparisons between the June 1978 data and the data for December 1977 are not possible because of major improvements in the way the statistics are gathered. For instance, French banks' buyers' credits to importers of French goods were included for the first time in the June 1978 statistics.

SELECTED COUNTRIES BORROWING FROM COMMERCIAL BANKS

June 1978	Borrowing $ bn	Of which repayable within 1 year $ bn	% of total	Unused credit facilities $ bn	% of borrowing	Net borrowing $ bn*
Algeria	6.0	1.2	20	2.7	45	na
Brazil	27.6	8.0	29	5.8	21	20.3
Chile	2.3	1.1	46	1.0	43	1.0
China	0.9	0.6	73	0.5	58	(2.3)
Cuba	1.6	0.9	57	0.1	5	1.5
Indonesia	5.4	2.1	39	1.4	25	2.7
Iran	7.2	3.0	41	3.2	45	na
Korea (S.)	6.1	3.5	57	2.5	40	4.2
Mexico	21.0	7.8	37	4.2	20	15.3
Morocco	2.0	0.3	15	0.5	25	1.4
Norway	8.3	2.4	29	1.7	20	5.8
Peru	3.5	1.6	45	0.4	12	2.9
Poland	10.7	3.6	34	3.5	33	10.0
Portugal	2.3	1.3	58	0.7	31	1.1
S. Africa	8.3	4.0	48	2.3	27	7.1
Spain	12.8	4.9	38	1.8	14	3.1
Taiwan	3.5	2.0	57	1.6	46	(0.5)
Turkey	3.5	2.6	73	0.6	16	2.7
Venezuela	11.4	6.4	56	3.4	30	2.5
USSR	12.8	6.0	47	3.9	30	8.5

* Borrowing from major commercial banks less deposits with the banks. Figures on deposits by most oil producers with U.S. banks are not available. Brackets indicate net deposits.

Source: Bank for International Settlements

CURRENCIES, MONEY and GOLD

Nervous interest rates

BY COLIN MILLHAM

Interest rates remained very sensitive in Europe last week. Britain's industrial problems led to higher rates in the London interbank market, and there were fears that Bank of England Minimum Lending Rate might increase around the middle of the week. This proved groundless, but the Treasury bill tender was hardly a resounding success on Friday, with only £340m bid for £300m bills, and if the present conditions continue, a rise in MLR cannot be ruled out in the near future.

Elsewhere in Europe many central banks will be pleased to see the sharp fall in Frankfurt call money on Friday. It had previously risen to around 4 per cent in reaction to the ½ per cent increase in the Bundesbank Lombard rate to 4 per cent on January 18.

This may have been an over-reaction, since day-to-day funds fell back to around 3 per cent at the end of last week, as liquidity remained at fairly high levels, despite the moves by the central bank, in increasing reserve requirements and pushing up the Lombard rate.

It will certainly come as a relief to the other prospective members of the European Monetary System if German interest rates can be held down, particularly in Milan, where money market rates were raised for the second time in 15 days on Friday.

The tightening of credit conditions in Frankfurt was the result of a sharp rise in Germany's money supply in recent months, and substantial surplus liquidity in the money market.

In Italy the central bank recently introduced measures to ease restrictions on bank credit, but the rise in Milan interest rates on Friday was generally thought to be a reaction to recent problems over liquidity.

The Bank of Italy also had to contend with the country's political problems, following the withdrawal of Communist Party support for the Government. Forward discounts on the lira against the dollar tended to widen on this news, but there was little sign of any lira crisis, when it closed at L836.75 in terms of the dollar, compared with L837.75 on Thursday.

GOLD

	Jan. 26	Jan. 25
Gold Bullion (a fine ounce)		
Close	$234¾-235¼	$255-255½
Opening	$234¾-235	$255-256¼
Morning fixing	$234.35 (£117.567)	$255.10 (£117.709)
Afternoon fixing	$235.45 (£118.081)	$255.85 (£117.358)
Gold Coins, domestically		
Krugerrand	$255¼-255¼ (£127-128)	$256-258 (£128¼-129¼)
New Sovereigns	$68¼-68¾ (£33¾-34¼)	$68¼-68¾ (£33¾-34¼)
Old Sovereigns	$68-70 (£34-35)	$68-70 (£34-35)
Gold Coins, internationally		
Krugerrand	$241¾-245¾ (£121¼-122¼)	$241-243 (£121-122)
New Sovereigns	$60¼-62¼ (£30¼-31¼)	$60¼-62¼ (£30¼-31¼)
Old Sovereigns	$68-70 (£34-35)	$68-70 (£34-35)
$20 Eagles	$303-308	$302-307
$10 Eagles	$164-169	$163-168
$5 Eagles	$108-115	$107-112

CURRENCY RATES

January 26	Special Drawing Rights	European Unit of Account
Sterling	0.646799	0.679846
U.S. dollar	1.28920	1.35517
Canadian dollar	1.53906	1.61260
Austrian schilling	17.4944	18.3700
Belgian franc	37.6704	39.5506
Danish krone	6.62262	6.95202
Deutsche Mark	2.38786	2.50822
Guilder	2.57647	2.70858
French franc	5.48039	5.75947
Lira	1079.06	1134.62
Yen	256.551	269.510
Norwegian krone	6.58009	6.89576
Peseta	89.8792	94.3703
Swedish krona	5.63058	5.90616
Swiss franc	2.17037	2.27656

THE DOLLAR SPOT AND FORWARD

Jan. 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK	1.9910-1.9965	1.9945-1.9955	0.45-0.35c pm	2.41	1.25-1.15c pm	2.41
Ireland	1.9910-1.9965	1.9945-1.9955	0.45-0.35c pm	2.41	1.25-1.15c pm	2.41
Canada†	83.72-83.97	83.76-83.79	0.06-0.03c dis	−0.81	0.09-0.06c dis	−0.36
Nethlnd.	1.9960-2.0020	1.9990-2.0010	0.45-0.40c pm	2.45	1.71-1.66c pm	3.35
Belgium	29.19-29.25½	29.22-29.25	5-4c pm	1.84	17½-16c pm	2.05
Denmark	5.1285-5.1445	5.1300-5.1325	0.20-0.70ore dis	−1.93	2.00-2.50ore dis	−2.37
W. Ger.	1.8515-1.8550	1.8535-1.8545	1.05-1.00pf pm	6.73	3.23-3.18pf pm	6.83
Portugal	45.38-47.05	45.90-46.00	20-35c dis	−8.60	50-115c dis	−7.17
Spain	69.93-69.81	69.67-69.72	26-36c dis	−5.70	82-100c dis	−5.23
Italy	836.50-838.50	836.50-837	3.50-5.00 lire dis	−2.97	7.50-10 lire dis	−2.15
Norway	5.0885-5.1045	5.09-5.0925	2.55-2.15ore pm	5.60	4.65-4.25 ore pm	3.46
France	4.2485-4.2550	4.25-4.2560	0.85-0.65c pm	2.41	2.40-2.00c pm	2.21
Sweden	4.3575-4.3680	4.3575-4.36	0.05-0.65ore pm	1.99	2.80-2.60 ore pm	2.43
Japan	198.80-199.65	199.45-199.65	1.60-1.45y pm	9.67	4.30-4.15y pm	8.65
Austria	13.55¾-13.59¼	13.55½-13.56½	6.25-5.25gro pm	5.25	18-15.25gro pm	4.89
Switz.	1.6825-1.6876	1.6830-1.6860	1.39-1.34c pm	10.19	4.42-4.37c pm	10.44

† U.S. cents per Canadian $.

THE POUND SPOT / FORWARD AGAINST £

Jan. 26	Bank rate %	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S. $	9½	1.9910-1.9965	1.9945-1.9955	0.45-0.35c pm	2.41	1.25-1.15c pm	2.41
Canadian $	11¼	2.3719-2.3850	2.3800-2.3810	0.45-0.35c pm	2.02	1.35-1.25c pm	2.16
Guilder	6½	3.97½-4.00½	3.98½-3.99½	2-1c pm	4.51	6-5c pm	5.51
Belgian F	6	58.15-58.45	58.20-58.30	25-15c pm	4.12	70-60c pm	4.46
Danish K	8	10.22-10.26½	10.22½-10.23½	2ore pm-par	1.17	2½-3ore pm	0.49
D mark	3	3.69½-3.71½	3.69½-3.70½	3¼-2¼ pf pm	8.98	9½-8½ pf pm	9.32
Port. Esc.	18	93.25-94.00	93.55-93.85	45-115c dis	−10.26	60-260c dis	−6.84
Span. Pes.	8	138.65-139.00	138.75-138.85	par-50c dis	−2.16	60-160c dis	−3.17
Lira	10½	1,668.5-1,672.5	1,667-1,668	1-3 lire dis	−1.43	4 lire pm-1½ dis	−0.18
Norwgn. K.	7	10.14-10.18½	10.14½-10.15½	7½-5½ ore pm	7.68	15½-13½ ore pm	5.71
French Fr.	9½	8.46½-8.49½	8.47-8.48	3¼-2¼c pm	4.60	10½-9½c pm	4.60
Swedish Kr.	6½	8.68-8.72	8.68½-8.69½	4-2 ore pm	4.14	11½-9½ ore pm	4.85
Yen	3½	395-408	397.5-399.5	3.85-4.05y pm	11.89	10.80-11.00y pm	10.84
Austria Sch	3½	26.85-27.15	27.00-27.05	22-12 gro pm	7.55	55-45 gro pm	7.40
Swiss Fr.	1	3.35-3.38	3.35½-3.36½	5½-2½c pm	11.61	11½-10½c pm	12.65

Belgium rate is for convertible francs. Financial franc 59.50-59.60.

Six-month forward dollar 2.28-2.18c pm, 12-month 4.15-4.00c pm.

OTHER MARKETS

Jan. 26	£	$		£ Note Rates
Argentina Peso	2,076-2,096	1040-1050	Austria	26½-27½
Australia Dollar	1.7500-1.7575	0.8790-0.8830	Belgium	59-60
Brazil Cruzeiro	42.79-43.79	21.45-21.95	Denmark	10.20-10.30
Finland Markka	7.89-7.90	3.9690-3.9710	France	8.42-8.55
Greek Drachma	71.555-73.305	35.87-36.75	Germany	3.64-3.74
Hong Kong Dollar	9.48-9.50	4.7570-4.7600	Italy	1,650-1,700
Iran Rial	152½-162½	76½-81½	Japan	395-405
Kuwait Dinar (KD)	0.541-0.551	0.2741-0.2744	Netherlands	3.92-4.02
Luxembourg Frc.	58.20-58.30	29.22-29.25	Norway	10.10-10.20
Malaysia Dollar	4.3780-4.3930	2.1990-2.2010	Portugal	90-99
New Zealand Dlr.	1.8880-1.8940	0.9472-0.9494	Spain	140.90-144.90
Saudi Arab. Riyal	6.61-6.71	3.3450-3.3465	Switzerland	3.30-3.40
Singapore Dollar	4.2980-4.3130	2.1590-2.1600	United States	1.9925-2.0025
Sth. African Rand	n/a	n/a	Yugoslavia	39.50-41.75

Rate given for Argentina is free rate.

EXCHANGE CROSS RATES

Jan. 26	Pound Sterling	U.S. Dollar	Deutschemark	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.995	3.700	398.5	8.475	3.360	3.990	1668.	2.381	58.25
U.S. Dollar	0.501	1.	1.855	199.7	4.248	1.684	2.000	835.8	1.193	29.20
Deutsche mark	0.270	0.539	1.	107.7	2.291	0.908	1.078	450.7	0.643	15.74
Japanese Yen 1,000	2.509	5.008	9.285	1000.	21.27	8.432	10.01	4184.	5.974	146.2
French Franc 10	1.180	2.354	4.366	470.2	10.	3.965	4.708	1968.	2.809	68.73
Swiss Franc	0.298	0.594	1.101	118.6	2.522	1.	1.188	496.3	0.708	17.34
Dutch Guilder	0.251	0.500	0.927	99.87	2.124	0.842	1.	417.9	0.597	14.60
Italian Lira 1,000	0.600	1.196	2.219	239.0	5.082	2.015	2.393	1000.	1.428	34.93
Canadian Dollar	0.420	0.838	1.554	167.4	3.560	1.411	1.676	700.5	1.	24.47
Belgian Franc 100	1.717	3.425	6.352	684.1	14.55	5.768	6.850	2863.	4.087	100.

LONDON MONEY RATES

Jan. 26 1979	Sterling Certificate on deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	10¾-20	—	—	—	11½-12½	10-14	—	—	—
2 days notice	—	—	11⅝-11⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	12	—	—	—	—
7 days notice	—	11⅛-11¾	11⅞-12⅛	—	12½	—	10¾-11¼	—	—	—
One month	12⅝-12½	12¹⁵⁄₁₆-12¹¹⁄₁₆	12¼-12⅞	13-13⅜	12¾	12⅞	11¾	11⅞	12⅛-12⅛	12¾
Two months	12⁹⁄₁₆-12⅞	12⅝-12⅞	—	12⅞-13⅜	13	—	12	12⅛	12⅞	13
Three months	12⅞-12⅞	13-13⅛	12⅞-13⅛	12¾-13⅛	13⅜	13¾	12⅝	12⅛-12½	12¾	13¼
Six months	13⅛-13	13-13⅛	12½-13	12⅝-13⅛	13½	—	—	—	12⅝	13¼
Nine months	12⅞-12⅞	12⅞-13	—	12⅞-13⅜	13¼	—	—	—	—	—
One year	12⅞-12⅞	12¾-12⅞	12½-12¾	12⅞-13⅜	13⅛	—	—	—	—	—
Two years	—	—	13	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rates nominally three years 13-13¼ per cent; four years 13⅛-13¼ per cent; five years 13⅛-13½ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12⅝ per cent; four-month trade bills 13⅛ per cent.

Approximate selling rates for one-month Treasury bills 11¹³⁄₃₂ per cent; two-month 11¹³⁄₁₆ per cent; three months 11²³⁄₃₂ per cent. Approximate selling rate for one-month bank bills 12-12⅛ per cent; two-month 12⅝-12⅞ per cent; and three-month 12²³⁄₃₂ per cent; one-month trade bills 12¾ per cent; two-month 13 per cent; and also three-month 13 per cent.

Finance House Base Rates (published by the Finance Houses Association) 12½ per cent from January 1, 1979. Clearing Bank Deposit Rates for small sums at seven days' notice 10 per cent. Clearing Bank Rates for lending 12½ per cent. Treasury Bills: Average tender rates of discount 12.0853 per cent.

MONEY RATES

NEW YORK

Prime Rate	11.75
Fed. Funds	10.0
Treasury Bills (13-week)	9.36
Treasury Bills (26-week)	9.42

GERMANY

Discount Rate	3
Overnight Rate	3.2
One month	3.90
Three months	4.175
Six months	4.225

FRANCE

Discount Rate	9.5
Overnight Rate	6.50
One month	6.5625
Three months	6.6875
Six months	6.75

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.75
Bills Discount Rate	4.625

UK PENDING DIVIDENDS and NEW ISSUES

For the convenience of readers the dates when some of the more important company dividend statements may be expected in the next few weeks are given in the following table. The dates shown are those of last year's announcements, except where the forthcoming Board meetings (indicated thus*) have been officially published. It should be emphasised that the dividends to be declared will not necessarily be at the amounts or rates per cent shown in the column headed "Announcement last year." Preliminary profit figure usually accompany final dividend announcements.

	Date	Announcement last year
Barclays Bk.	Feb. 23	Final 5.5491
*BAT Inds.	Jan. 30	Int. 4.4
Bath and Portland	Feb. 15	Final 1.798
Birmid Qualcast	Feb. 15	Final 3.107
British Vita	Mar. 2	Final 1.09
Brown Brothers	Feb. 16	Sec. Int. 0.5
Carrington Viyella	Feb. 22	Final 1.50505
Commercial Union	Feb. 27	Final 5.081
*Daejan	Jan. 30	Int. 1.155
*Dalgety	Feb. 13	Int. 6.407
*Decca	Jan. 30	Int. 3.3
Debenture Corpn.	Feb. 16	Final 2.2
*Dowty	Feb. 7	Int. 2.21
Drake and Scull	Feb. 14	Final Nil
EMI	Mar. 2	Int. 3.41
*Guinness Peat	Feb. 2	Int. 4.25
*Hambro Tst.	Jan. 30	Int. 0.65
HK and Shanghai Banking	Feb. 28	Final HK$0.47
Hoover	Feb. 23	Final 9.21
*ICI	Feb. 22	Sec.int.7.51567
*Imperial Grp.	Feb. 8	Final 3.41
*Kuala Lumpur Kepong	Feb. 2	Final 0.075
Johnson and Firth Brown	Feb. 23	Int. 1.3
*Lloyds Bank	Feb. 16	Final 4.328
London Shop Prop.	Feb. 23	Int. 0.885
*Lonrho	Jan. 31	Final 4.2212
MFI Furniture Centres	Feb. 14	Int. 1.98
Marchwiel	Feb. 20	Final 2.4
NatWest	Feb. 28	Final 6.3228
Neepsend	Feb. 23	Int. 0.82125
Nottingham Manufactrg.	Feb. 12	Final 2.332
Ransomes Sims and Jefferies	Feb. 27	Final 6.038
Royal Insce.	Mar. 2	Final 9.936
Securicor	Feb. 21	Final 0.9562
Sunley (B.) Inv. Tst.	Feb. 16	Int. 1.654
*Trust Houses Forte	Feb. 1	Final 5.9594
Tunnel Hldgs.	Jan. 13	Final 2.283
Turner and Newall	Mar. 2	Final 8.0686
United Real Prop. Tst.	Feb. 15	Int. 1.25
Wagon Finance	Feb. 17	Final 2.875
Waterford Glass	Feb. 28	Final 0.7395

* Board meetings intimated. † Rights issue since made. ‡ Tax free. § Scrip issue since made from reserves.

BASE LENDING RATES

A.B.N. Bank	12½%	■ Hambros Bank	12½%
Allied Irish Banks Ltd.	12½%	■ Hill Samuel	§12½%
Amro Bank	12½%	C. Hoare & Co.	†12½%
American Express Bk.	12½%	Julian S. Hodge	13½%
A P Bank Ltd.	12½%	Hongkong & Shanghai	12½%
Henry Ansbacher	12½%	Industrial Bk. of Scot.	12½%
Associates Cap. Corp.	12½%	Keyser Ullmann	12½%
Banco de Bilbao	12½%	Knowsley & Co. Ltd.	14½%
Bank of Credit & Cmce.	12½%	Lloyds Bank	12½%
Bank of Cyprus	12½%	London Mercantile	12½%
Bank of N.S.W.	12½%	Edward Manson & Co.	13½%
Banque Belge Ltd.	12½%	Midland Bank	12½%
Banque du Rhone et de la Tamise S.A.	13 %	■ Samuel Montagu	12½%
Barclays Bank	12½%	■ Morgan Grenfell	12½%
Barnett Christie Ltd.	13½%	National Westminster	12½%
Bremar Holdings Ltd.	13½%	Norwich General Trust	12½%
Brit. Bank of Mid. East	12½%	P. S. Refson & Co.	12½%
■ Brown Shipley	12½%	Rossminster	12½%
Canada Perm't Trust	12½%	Royal Bk. Canada Tst.	12½%
Cayzer Ltd.	12½%	Schlesinger Limited	12½%
Cedar Holdings	12½%	E. S. Schwab	13½%
■ Charterhouse Japhet	12½%	Security Trust Co. Ltd.	13½%
Choulartons	12½%	Shenley Trust	14 %
C. E. Coates	12½%	Standard Chartered	12½%
Consolidated Credits	12½%	Trade Dev. Bank	12½%
Co-operative Bank	*12½%	Trustee Savings Bank	12½%
Corinthian Securities	12½%	Twentieth Century Bk.	13½%
Credit Lyonnais	12½%	United Bank of Kuwait	12½%
Duncan Lawrie	12½%	Whiteaway Laidlaw	13 %
The Cyprus Popular Bk.	12½%	Williams & Glyn's	12½%
Eagil Trust	12½%	Yorkshire Bank	12½%
English Transcont.	12½%		
First Nat. Fin. Corp.	14 %		
First Nat. Secs. Ltd.	14 %		
■ Antony Gibbs	12½%		
Greyhound Guaranty	12½%		
Grindlays Bank	‡12½%		
■ Guinness Mahon	12½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%, 1-month deposits 10¼%.
† 7-day deposits on sums of £10,000 and under 10%, up to £25,000 10¼% and over £25,000 10½%.
‡ Call deposits over £1,000 10%.
§ Demand deposits 10%.

Consolidated-Bathurst ahead

BY ROBERT GIBBENS IN MONTREAL

CONSOLIDATED-Bathurst, controlled by Power Corporation of Canada and one of Canada's largest pulp and paper concerns, earned C$ 22.3m or 98 cents a share in fourth quarter 1978 on sales of C$ 303m, against C$ 10m or 43 cents a share on sales of C$ 252m a year earlier. The figures allow for the recent three-for-one stock split.

For all 1978, Consolidated earned C$ 60.7m or C$ 2.67 a share against C$ 21.3m or 90 cent in 1977, on volume of C$ 1.08bn against C$ 869m. The improvement was mainly due to exchange gains and bigger shipments of most products.

RECENT ISSUES

EQUITIES

Issue Price p‡	Amount Paid Up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price p	+ or −	Div. or Amount	Times Covered	Gross Yield	P.E. Ratio
§50¾	F.P.	—	63	59	Arlen Electrical	65	.....	b4.5	1.9	10.7	7.5
A$0.50	F.P.	—	82	61	Ashton Mining 50c	80	+2	—	—	—	—
—	F.P.	—	30	27	Gosforth Ind. 10p	29xd	+1	2.0	—	10.7	—
155	F.P.	10/1	187	170	Harris Queensw'y 20p	174	+1	†7.8	3.1	6.7	7.2
**	F.P.	16/2	132	118	Hunting Assoc. Defd.	118	.....	—	—	—	—
—	F.P.	—	104	89	††IAS Cargo Airlines	95	+1	P2.8	3.7	4.4	(10.2)
**	F.P.	9/2	34	31	M. Y. Dart Defd.	32	.....	—	—	—	—
110	F.P.	17/1	136	115	Mill'ttsL's'reShps20p	131	.....	b5.7	1.8	6.6	12.8

FIXED INTEREST STOCKS

Issue Price	Am'unt Paid up	Latest Renunc. Date	1978/79 High	1978/79 Low	Stock	Closing Price p‡	+ or −
§§	F.P.	16/2	109p	107p	Assoc. Dairies 9¼% Pref.	107p	.....
¶	F.P.	26/1	100	99¾	Colne Valley Water 8% Red Prf 1983	101	.....
‖100p	F.P.	28/12	100½p	98p	Findlay 8% Cnv. Cum. Red. Prf.	98p	.....
‖100p	F.P.	5/1	123	102	Hawley-Leisure 12% Cnv. Uns. Ln. '86-88	121	.....
—	F.P.	—	137p	116p	††IAS Cargo Airlines 6% Cnv. Pref. £1	127p	.....
¢	£10	1/3	13¼	13	Mid Kent Water 8% Pref. 1984	13¼	.....
100p	F.P.	11/1	107	100¾	Rivington Reed 9½% Cnv.Cum.Red.Pref.	105	.....
97½p	F.P.	5/1	99p	97½p	Seascope 10¼% Pref.	97½p	.....

"RIGHTS" OFFERS

Issue Price p‡	Am'unt Paid up	Latest Renunc. Date ⊕	Latest Renunc. Date ⊠	1978/9 High	1978/9 Low	Stock	Closing price p‡	+ or −
60	F.P.	19/1	19/2	76	67	Associated Biscuit	76	+3
135	Nil	—	—	36pm	30pm	Baker Perkins	30pm	−3
45	F.P.	8/12	9/2	58½	47	Foster (John)	55	.....
220	Nil	—	—	18½pm	18pm	Haslemere Estates	18pm	.....
250	F.P.	5/1	9/2	320	298	Metal Box	308	+2
105	Nil	—	7/2	23pm	19pm	Neil & Spencer	22pm	+1
20c	Nil	—	—	33pm	24pm	Poseidon	29pm	−4
10	F.P.	28/1	23/2	17½	14½	Suter Electrical Defd.	16	.....
18	Nil	—	—	5pm	5pm	Swan Ryan Intl.	5pm	.....
28	F.P.	10/1	9/2	38	34	York Fine Woollen	37	.....

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. p‡ Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ⊠ Allotment letters (or fully-paid). ⊕ Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security.

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.
Index Guide as at January 23, 1979 (Base 100 on 14.1.77)
Clive Fixed Interest Capital 129.92
Clive Fixed Interest Income 115.15

I.G. Index Limited 01-351 3466. Three month Aluminium 641.7-647.3
29 Lamont Road, London SW10 0HS.
1. Tax-free trading on commodity futures.
2. The commodity futures market for the smaller investor.

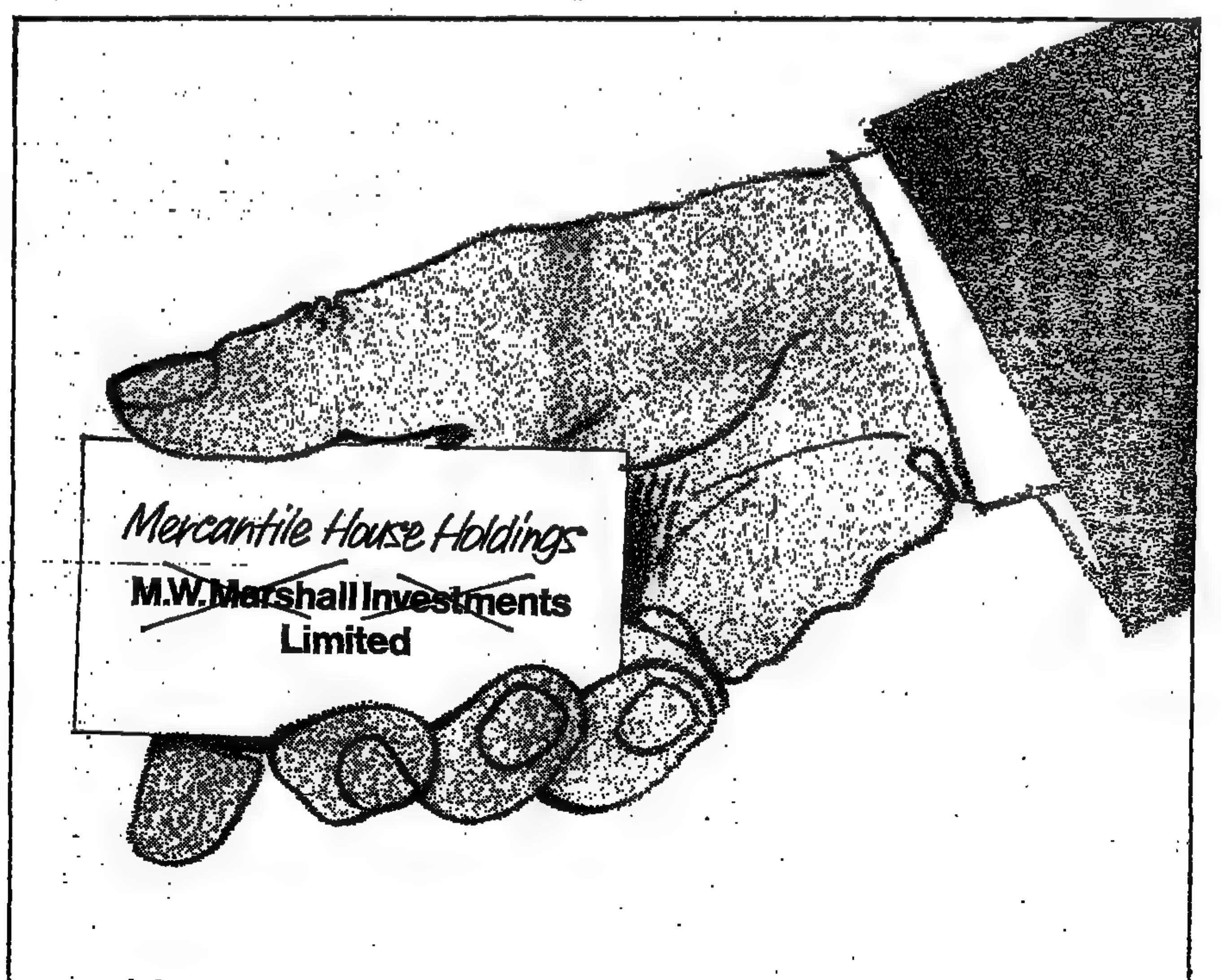
ALLEN HARVEY & ROSS INVEST. MANAGEMENT LTD.
45 Cornhill, London, EC3V 3PB. Tel.: 01-623 6314.
Index Guide as at January 25, 1979
Capital Fixed Interest Portfolio 100.02
Income Fixed Interest Portfolio 97.75

Public Works Loan Board rates

Effective from January 20

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
Up to 5	13½	13¼	13½	13¾	13⅝	13¾
Over 5, up to 10	13⅝	13½	13¾	13⅞	14	14¼
Over 10, up to 15	13¾	13⅝	13¾	14¼	14¼	14¼
Over 15, up to 25	13⅞	13¾	13⅞	14¼	14¼	14¼
Over 25	13⅞	13⅞	13⅞	14¼	14¼	14¼

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.



29th January 1979

M. W. Marshall Investments Limited is changing its name to Mercantile House Holdings Limited as from Monday, 29th January, 1979.
The purpose is to avoid name confusion with its moneybroking subsidiary, M. W. Marshall & Company Limited, and to reflect the diversification into related financial fields that is taking place within the Group, through the Saturn Group of Companies.

Mercantile House Holdings Limited.
Mercantile House, 66 Cannon Street, London EC4N 6AE.
Telephone: 01-236 0233.

هكذا من الأصل

INSURANCE

Australian attack on insurable interest

BY OUR INSURANCE CORRESPONDENT

INSURABLE INTEREST has been established as a fundamental of the contract of insurance for many years. In the case of life and marine insurance this requirement was enforced by statutes in the mid-18th century and for indemnity and other non-marine insurances in the 19th century. It is this feature that distinguishes the insurance contract from a wager.

There are "honour policies" written without insurable interest but these are the exception to the rule that the insured must have insurable interest when he makes the contract. He must be in the position that the event on which the policy pays out must, as a proximate cause, involve the insured in loss, diminution of some right recognised by the law, or in legal liability.

So it was with surprise this week that I read in a summary of a paper published by the Australian Law Reform Commission last October, recommendations for the abolition of insurable interest.

The Australian commission is younger than our English and Scottish Law Commissions but it is similar. It examines a section of law, makes tentative proposals in a discussion paper, discusses the proposals with interested parties, and eventually makes firm recommendations for reform, perhaps even drafting suitable legislation. It is then up to government to decide whether or not to legislate.

The Australian discussion paper on insurance contracts therefore contains a mixed bag of proposals, some of which may be abandoned by the time that firm recommendations are made. The language used in the summary gives a clue to those proposals on which the commission intends to stand as distinct from those on which it may think again.

According to the summary: "The statutory requirement of insurable interest at the time of taking out certain types of indemnity cover should be abandoned in relation to indemnity insurance," while "consideration should be given to the question whether that requirement should also be abandoned in the field of life insurance and whether a requirement of the consent of the life to be insured should be substituted for it."

So in respect of indemnity insurance the commission seems to have made up its mind and will clearly need a lot of shifting, while it is still uncertain about life insurance.

But turning from the summary to the detailed discussion paper it seems that perhaps the commission is not being as radical as might first appear, for in the case of indemnity contracts there is no proposal to eliminate the practical need of insurable interest at the time of the loss.

The word "indemnity" in the insurance context has a strict meaning: when insurers indemnify the insured, subject to the policy limits they pay only as much as he has had to spend by way of reconstruction, repair and compensation. If the insured has sustained no measurable loss then insurers do not have to pay. Consequently, in the case of indemnity policies the requirement of insurable interest at the time of contracting arguably is not so much of a fundamental as British insurance law has made it.

I doubt that any insurance company in this country would support what the Australians propose for indemnity policies.

On the other hand the Australian life insurance proposal could perhaps open the way to gambling on other people's lives, the very evil that the 1774 and 1845 Acts suppressed in Britain. Would the insured really care if one or 100 people were betting on his death or survival on a particular date? Surely the commission should be persuaded to think again and withdraw their life insurance proposal.

Liverpool Post goes up to 10p

THE LIVERPOOL Daily Post's price rose today by 1p to 10p(following Price Commission approval of the increase. The newspaper circulates throughout Merseyside and North Wales and its price has been held at 9p for 19 months. The price of the Liverpool Echo, the Post's sister evening paper, remains at 9p.

APPOINTMENTS

New chief for Hill Samuel Broking

Mr. Ian McIntyre has been appointed chief executive of HILL SAMUEL BROKING AND CONSULTING SERVICES in succession to Mr. *Victor Wood who* (as reported on January 25) has relinquished executive duties within the group.

Mr. Brian Shenton succeeds Mr. McIntyre as managing director of Noble Lowndes and Partners, the Hill Samuel employee benefits subsidiary, and **Mr. John McKirdy** has been appointed managing director of its associated company, Noble Lowndes Personal Financial Services.

★

Mr. M. Komedera, deputy chairman and chief executive of MK REFRIGERATION, and **Mrs. J. Komedera**, a director, will relinquish their appointments on retirement on March 31. **Mr. J. Hamilton**, formerly managing director, Scottish operations, of Prestcold, has been appointed managing director and chief executive of M.K. Refrigeration from April 1. M.K. Refrigeration is a wholly-owned subsidiary of Charter Consolidated.

★

Mr. Norman Johnson, general manager of Howard Rotavator Company's Halesworth Division, has been promoted to *managing* director of LEEFORD (LONDON), the Howard Group subsidiary at Great Ryburgh, Norfolk.

■

Mr. Derek E. Simmance, works *director of Weetabix, has been* appointed chairman of WATT, JOULE AND THERM, a new company operating in the field of energy conservation. Other appointments to the Board include engineers, consultants, project managers and other specialists. They are: **Mr. M. K. Addy** (managing director), **Mr. S. E. J. Beare, Mr. J. H. Carver, Mr. D. S. Edgar** and **Mr. J. E. Stiefel.**

★

Mr. Charles P. Loucks has been named president of GUFCO SERVICES, INC., acquired by Galveston-Houston Company on January 11. He was also named senior vice-president of the parent company. Mr. Loucks was formerly president of the IMCO Services division of Halliburton. He was with IMCO and its predecessor companies for 31 years.

★

BIBBY has made the following appointments in the recently formed agricultural group, which heads the activities of its feeds and seeds and farm products *divisions. Mr. A. S. Gresty* has moved from Bibby group headquarters, where he was financial controller, to director of finance in the agricultural group; **Mr. R. B. Evans**, appointed director of personnel, has held senior personnel posts with Libby *McNeil Libby*, Ranks, Smiths Industries and Unilever; and **Mr. H. I. Smith**, formerly financial controller, feeds and seeds division, has been appointed planning and development manager.

★

Mr. H. Michael Nixon has joined the Board of WOLF ELECTRIC TOOLS (HOLDINGS).

★

Dr. Robert Heikes, formerly with Motorola, has joined NATIONAL SEMICONDUCTOR CORPORATION as vice-president, international. In this newly created position, he is responsible for the firm's business in Europe and Latin America. He will be based at the Corporation's European headquarters in Furstenfeldbruck, West Germany. Dr. Heikes was most recently assistant general manager for the semiconductor group of Motorola. Earlier he was Motorola's managing director, Europe, based in Geneva.

★

ITEL INTERNATIONAL has appointed three vice-presidents —**Mr. Lorenzo Bosio**, with responsibility for the Mediterranean region covering operations in France, Italy and Spain; **Mr. Klaus Busche**, staff marketing, and **Mr. Edward Kling**, general counsel.

TEL AVIV

Company	Prices Jan. 28 1979	change on the week
Banking, Insurance and Finance		
Bank Leumi le Israel	411	+ 34.0
IDB Bankholding ...	614	+ 14.0
Bank Hapoalim Br....	552	+ 10.0
Union Bk. Israel Br.	525	+ 48.0
United Mizrahi Bank	307	+ 29.0
Hassneh Insur. Br.	496	+ 38.0
Gen. Mort. Bk. Br. ..	434	+ 44.0
"Tefahot" Isrl. Mtg.	429	+ 45.0
Land Development		
Africa Israel Invest.	1,170	+ 73.0
Israel Land Dev. Br.	289xd	+ 21.5
Property & Building	448	+ 21.0
Public Utility		
Israel Electric Corp.	377	+ 4.0
Investment Companies		
Bank Leumi Invest.	486	+ 33.0
"Clal" Israel Invest.	400	− 2.5
Commercial and Industrial		
Alliance Tyre & Rbr.	1,405	+ 84.0
Elco Br.	287	+ 20.0
Argaman Textile Br.	340	+ 22.0
"ATA" Textile "B"	215	+ 20.0
Amer. Israel Paper...	580	+ 9.0
Assis	326	+ 27.0
Elite	382	+ 46.0
Teva Reg.	680xd	+ 10.0
Delek	281	+ 11.0

Source Bank Leumi le Israel, BM Tel Aviv.

WORLD STOCK MARKETS

Indices

NEW YORK —DOW JONES

	Jan. 26	Jan. 25	Jan. 24	Jan. 23	Jan. 22	Jan. 19	1978-79 High	1978-79 Low	Since Compil'tn High	Since Compil'tn Low
◆ Industr'ls	858.75	854.64	845.41	846.95	838.55	847.49	907.74 (8/9)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	85.04	84.88	84.48	84.48	84.59	84.20	90.26 (4/1/78)	84.09 (15/1/79)	—	—
Transport..	218.74	218.95	217.25	217.65	217.57	219.86	261.49 (8/9)	199.31 (9/1/78)	279.88 (7/2/69)	12.23 (8/7/32)
Utilities.....	104.06	103.52	102.67	102.77	102.90	102.40	110.98 (5/1)	97.73 (20/12)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's	34,250	31,440	31,181	30,150	24,490	26,900	—	—	—	—

◆ Day's high 865.04 low 853.26

	Jan. 19	Jan. 12	Jan. 5	Year ago (approx)
Ind. div. yield %	5.81	5.80	5.84	5.92

STANDARD AND POORS

	Jan. 26	Jan. 25	Jan. 24	Jan. 23	Jan. 22	Jan. 19	1978-79 High	1978-79 Low	SinceC'mpil't'n High	SinceC'mpil't'n Low
‡Indust'ls ...	113.84	112.82	111.82	112.71	111.41	111.15	118.71 (12/9)	95.52 (6/3)	134.64 (11/1/73)	3.53 (30/6/32)
§Composite	101.86	101.19	100.16	101.05	99.90	99.75	(106.99) (12/9)	86.90 (6/3)	125.85 (11/1/63)	4.40 (1/6/32)

	Jan. 24	Jan. 17	Jan. 10	Year ago (approx.)
Ind. div. yield %	4.96	4.97	4.91	5.13
Ind. P/E Ratio	9.06	9.01	8.93	8.74
Long Gov. Bond Yield	8.91	8.97	8.98	8.17

N.Y.S.E. ALL COMMON

Jan. 26	Jan. 25	Jan. 24	Jan. 23	1978-79 High	1978-79 Low
56.99	56.62	56.07	56.27	60.38 (11/9)	48.37 (6/3)

Rises and Falls	Jan. 26	Jan. 25	Jan. 24
Issues Traded ..	1,881	1,876	1,880
Rises	950	1,026	650
Falls	520	461	827
Unchanged	411	389	403
New Highs	—	30	—
New Lows	—	5	—

MONTREAL	Jan. 26	Jan. 25	Jan. 24	Jan. 23	1978-79 High	1978-79 Low
Industrial	232.26	231.67	230.73	230.28	25.228 (25/1/79)	152.90 (16/2)
Combined	236.87	235.79	234.49	234.17	236.87 (26/1/79)	170.82 (30/1)
TORONTO Composite	1379.3	1376.4	1368.7	1368.3	1379.3 (26/1/79)	998.2 (30/1)
JOHANNESBURG Gold	274.3	(c)	(c)	—	274.3 (26/1/79)	186.0 (20/4)
Industrial	299.3	(c)	(c)	—	299.3 (26/1/79)	194.9 (13/3)

	Jan. 26	Pre-vious	1978-9 High	1978-9 Low
Australia(¶)	571.37	573.12	573.12 (25/1/79)	411.19 (1/3)
Belgium (‖)	101.63	101.40	102.05 (15/1/79)	90.45 (23/6)
Denmark(**)	91.76	91.10	98.95 (14/6)	88.08 (30/10)
France (††)	77.4	77.6	83.0 (4/10)	47.6 (3/2)
Germany(‡‡)	821.00	820.80	863.8 (19/10)	769.4 (17/5)
Holland (§§)	84.5	85.4	93.1 (11/8)	76.0 (4/4)
Hong Kong (¶¶)	545.06	534.61	707.70 (4/9)	383.4 (13/4)
Italy (‖‖)	71.37	71.94	82.25 (25/9)	56.45 (10/1)
Japan (a)	461.74	461.86	461.86 (25/1)	364.04 (4/1)
Singapore(b)	369.79	368.60	414.50 (6/9)	252.0 (9/1)

	Jan. 26	Pre-vious	1978-9 High	1978-9 Low
Spain (d)	93.39	93.43	96.79 (2/1/79)	93.05 (12/1/79)
Sweden (e)	393.08	389.31	408.00 (4/8)	325.74 (3/1)
Switzerld(f)	312.3	311.8	333.7 (14/2)	281.6 (26/9)

Indices and base dates (all base values 100 except NYSE All Common—50: Standards and Poors—10: and Toronto 300—1,000: the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Industrials, 40 Utilities, 40 Finance and 20 Transport. ¶ Sydney All Ordinary. ‖ Belgian SE 31/12/63. ** Copenhagen SE 1/1/73. †† Paris Bourse 1961. ‡‡ Commerzbank Dec. 1953. §§ Amsterdam Industrial 1970. ¶¶ Hang Seng Bank 31/7/64. ‖‖ Banca Commerciale Italiana 1972. a Tokyo New SE 4/1/68. b Straits Times 1966. c Closed. d Madrid SE 30/12/77. e Stockholm Industrial 1/1/58. f Swiss Bank Corporation. u Unavailable.

EUROPE

AMSTERDAM

Jan. 26	Price Fls.	+ or −	Div. %	Yld. %
Ahold (Fl.20).....	123.5	−0.5	A18	4.5
Akzo (Fl.20).	30.7	+0.1	—	—
Alg'm Bk (Fl 100)	371	−5	A23½	6.4
AMEV (Fl.10)......	96.7	+0.7	50	5.1
Amrob'k (Fl.20).	78.6	−0.6	A23½	5.9
Bijenkorf	93.5	+0.1	26	5.6
BokaW'stm (Fl20)	127.5	−0.6	A80	6.3
Buhrm' Tetter'.	76.5	−1.5	26	6.8
Elsevier (Fl20)...	295	−7	27.5	1.8
Ennia N.V. B'rer	145.5	−0.5	A37½	5.1
EurComTst (Fl10	70.5	+1.5	94.5	4.9
Gistal Br'cad (Fl	40.1	−0.5	20	4.9
Heineken (Fl25)	94	−0.6	14	3.7
Hoog'ns (Fl.20)...	35.2	−0.6	—	—
HunterD.(Fl.100	23.5	+0.1	1.2	5.1
K.L.M. (Fl.100) ..	118.2	−1.3	A5	3.5
Int. Muller (Fl.20	48.3	−0.3	19	7.8
Nat.Ned InsFl10	113	−0.7	48	4.2
NedCr'dBKFl.20	59.2	−0.6	21	7.0
NedMidBk (Fl.70	209	−1	22	5.3
Oce (Fl.20)......	183	−1	36	3.8
OGEM (Fl.10).....	30.2	....	23	7.7
Van Ommeren..	157.2	−4.8	—	—
Pakhoed (Fl.20)	47.3	....	—	—
Philips (Fl.10).....	24.4	−0.2	17	6.9
RjnSchVer (Fl100	48.6	−3.6	—	—
Robeco (Fl.50)..	166	+0.5	25.6	7.6
Rolinco (Fl.50)..	150	+0.8	8	—
Rorento (Fl.50)..	122.8	−0.6	19.3	3.8
RoyalDutchFl20	128.5	−0.4	56.75	6.5
Slavenburg	256	+0.5	20	7.8
TokyoPacHldsS	128	......	$0.30	0.6
Unilever (Fl.20).	123.7	−0.5	42.8	6.9
Viking Res........	40.7	....	$0.20	1.2
West.Utr. Hypok	429	−0.2	33	3.7

VIENNA

Jan. 26	Price %	+ or −	Div. %	Yld. %
Creditanstalt.....	342	....	10	2.9
Perlmooser.......	271	+1	9	3.3
Selecta	579	+2	38	3.2
Semperit	68	....	—	—
Steyr Daimler...	201	+1	8	4.0
Veit Magnesit...	251	....	10	4.0

BRUSSELS/LUXEMBOURG

Jan. 26	Price Frs.	+ or −	Div. Frs. Net	Yld. %
Arbed...............	2,285	−95	—	—
Bekaert "B"	2,600	−10	116	4.5
C.B.R. Cement..	1,156	−4	100	8.6
Cockerill..	506	−4	—	—
EBES.......	2,450	+10	177	7.2
Electrobell.	5,750	−10	455	5.7
Fabrique Nat....	3,235	+35	100	5.3
G.B. Inno Bm. ...	2,550	....	150	5.9
Gevaert......	1,570	−20	85	6.2
GBL (Brux L)	1,740	+25	90	5.2
Hoboken	2,805	−5	170	6.1
Intercom.	1,945	+15	142	7.3
Kredietbank......	7,170	+50	290	4.1
La Royale Belge	6,510	+30	A325	3.2
Pan Holdings....	2,700	+20	$2.55	2.9
Petrofina	3,420	+15	180	5.3
Soc Gen Banque	3,360	+25	204	6.1
Soc. Gen. Belge	2,080	−30	140	6.7
Sofina.............	3,525	+25	215	6.1
Solvay...	2,500	....	A2.10	8.4
Traction Elect..	2,745	+5	170	6.2
UCB	1,182	+8	—	—
Un Min. (1/10)...	770	....	50	6.5
Vieille M'ntagne	1,950	....	—	—

COPENHAGEN ♣

Jan. 26	Price Kroner	+ or −	Div. %	Yld. %
Andelsbanken...	145	+½	11	7.6
Danske Bank	129¼	+¾	12	9.3
East Asiatic Co..	139¾	......	12	8.6
Finansbanken...	138¼	+¼	13	9.4
Bryggerier	249xr	....	12	4.8
For Papir	78½	−¼	—	—
Handelsbank....	129¾	+½	12	9.2
G Nthn H (Kr80)	298	+5	12	4.0
Nord Kabel	183½	+1	12	6.5
Novoind'stries B	213¾	−¼	6	2.7
Oliefabrik	126	−½	—	—
Privatbank	143¾	+2	12	8.3
Provinsbank	143	+¾	11	7.7
Soph.Berensen.	361	....	12	3.5
Superfos.........	174¼	+¼	12	6.9

GERMANY ◆

Jan. 26	Price Dm.	+ or −	Div. %	Yld. %
AEG................	74.5	+0.2	—	—
Allianz Versich..	495	−5	31.2	3.1
BMW	242.4	+0.4	28.12	5.8
BASF	136.2	+1.1	18.75	6.9
Bayer	136.5	+0.7	18.75	6.8
Bayer.Hypo	293	....	28.12	4.8
Bay. Vereinsbk..	306	....	28.12	4.6

SPAIN ♥

January 26	Per cent.	
Asland	114	− 2
Banco Bilbao	258	—
B. Atlantico (1,000)	234	—
Banco Central	263	—
Banco Exterior	252	—
Banco General	231	—
B. Granada (1,000) .	134	—
Banco Hispano	220	—
B. Ind. Cat. (1,000)	162	—
B. Ind. Mediterraneo	183	− 1
Banco Madrid	210	—
Banco Popular	212	+ 2
B. Santander (250) .	285	—
B. Urquijo (1,000)...	235	—
Banco Vizcaya	210	—
Banco Zaragozano .	275	—
Bankunion	140	− 1
Banus Andalucia ...	147	—
Babcock Wilcox ...	25	—
CIC	102	—
Dragados	172	− 8
Inmobanif	71	—
E. I. Aragonesas ...	26	− 1
Espanola Zinc	95	− 1
Expl. Rio Tinto	45.50	+ 0.50
Fecsa (1,000)	62.75	+ 0.25
Fenosa (1,000)	52.50	− 0.50
Gal. Preciados	39	− 1
Gr. Velazquez (400)	166	—
Hidrola	59.75	+ 0.50
Iberduero	61	—
Olarra	59	—
Papeleras Reunidas .	25	—
Petroliber	106	—
Petroleos	140.25	− 0.75
Sarrio Papelera	39	—
Sniace	39	− 1
Sogefisa	125	—
Telefonica	69	+ 0.50
Torras Hostench ...	56.50	—
Tubacex	43.75	− 1.25
Union Elec.	57.25	+ 0.50

STOCKHOLM

Jan. 26	Price Kronor	+ or −	Div. Kr.	Yld %
AGA AB (Kr. 40).	215	+1	5	2.3
Alfa Laval (Kr.50	146	+2	8	5.4
ASEA (Kr.50)	83.5	+2.0	5	6.0
AtlasCo'co Kr25	109	....	6	5.5
Billerud	57	+1	—	—
Bofors............	135	+3	4	3.0
Cardo	184	....	5.75	3.1
Cellulosa.........	240	−1	10	4.2
Elet'lux'B' (Kr50	113	+1	5.25	4.7
Erics'on'B (Kr50	141	+2	5	4.5
Esselte (Free)....	310	....	8	2.6
Fagersta..........	130	+2	4	3.1
Granges (Free)..	58.5	+0.5	—	—

TOKYO ¶

Jan. 27	Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass........	355	....	14	2.2
Canon...............	518	+1	12	1.4
Casio...............	870	−2	25	1.4
Chinon	388	....	20	1.3
Dai NipponPrint	571	−1	18	1.6
Fuji Photo	717	+2	15	1.0
Hitachi	284	....	12	2.1
Honda Motors....	503	....	18	1.8
House Food.......	1,050	....	35	1.7
C. Itoh	269	....	12	1.5
Ito Yokado	1,770	−10	30	0.8
Jacce	765	....	13	0.8
J.A.L..............	2,880	+30	—	1.4
Kansai Elect.Pw	1,230	....	10	4.1
Komatsu	355	....	18	2.3
Kubota	287	....	15	2.6
Kyoto-Ceramic.	4,050	−20	35	0.5
Matsushita Ind.	699	−7	20	1.4
Mitsubishi Bank	333	−1	10	1.5
Mitsubishi He'vy	138	+1	12	[illegible]
Mitsubishi Corp	455	+2	13	1.6
Mitsui & Co......	282	−3	14	2.5
Mitsukoshi........	562	+2	20	1.8
Nippon Denso...	1,400	−10	15	0.5
Nippon Shinpan	780	−2	12	0.8
Nissan Motors...	679	−4	16	1.5
Pioneer...........	2,010	−40	48	1.2
Sanyo Electric..	310	+3	12	[illegible]
Sekisui Prefab..	800xr	−102	30	1.9
Shiseido...........	1,150	−30	20	0.9
Sony..............	1,700	....	40	1.5
Taisho Marine...	246	−5	11	2.2
Takeda Chem...	545	+3	15	1.4
TDK	1,850	+50	30	0.8
Teijin	150	+2	10	2.7
Tokyo Marine....	510	−5	11	1.1
TokyoElect Pow	1,110	+10	8	4.5
Tokyo Sanyo.....	375	....	12	1.6
Toray	197	....	10	2.5
Toshiba Corp....	165	....	10	3.0
Toyota Motor. ..	863	−3	20	1.4

Source Nikko Securities, Tokyo

HONG KONG

Hong Kong $	Jan. 29	Jan. 19
Amalgamated Rubber..	3.05	3.15
Cheung Kong	10.20	9.80
China Light & Power....	22.90	23.30
Cosmopolitan Prop.....	1.685	1.65
Cross Harbour Tunnel..	8.80B	8.80
E. Asia Navigation.......	4.55	4.45
Hang Seng Bank	193.00	194.00
Hong Kong Aircraft......	85.00 N	85.00
Hong Kong Electric.......	5.95	5.85
Hg. Kg. Kowloon Wharf	27.80	27.80
Hong Kong Land..........	8.05	8.20
Hg. Kg. Shanghai Bank	19.00	18.60
Hg. Kg. Shanghai Hotel	20.60	19.90
Hg.Kg. Telephone........	29.10	28.75
Hutchinson Whampoa..	4.425	4.325
Jardine Matheson........	12.30	12.10
Jardine Secs..............	6.10	6.10
New World Developmnt	2.125	2.025
Rubber Trust..............	4.55	4.45
Sime Darby................	7.00	7.70
Swire Pacific A...........	8.55	8.50
Wheelock Marden A.....	31.0	2.675
Wheelock Maritime A...	5.55B	3.65
Winsor Industries........	5.20B	3.225

xd Ex-dividend. † Buyer. ‡ Seller. Susp. Suspended.

BRAZIL

Jan. 26	Price Cruz	+ or −	Cruz Div.	Yld. %
Acesita	0.91	+0.01	0.12	15.18
Bancodo Brazil.	1.55	+0.02	0.12	7.74
Banco Itau PN...	1.69	+0.01	0.37	21.89
Belgo Mi'eira OP	1.08	+0.04	0.08	7.40
Lojas Amer O.P.	2.40	....	0.20	8.35
Petrobras PP....	1.94	+0.01	0.13	6.70
Pirelli OP	1.60	[illegible]	[illegible]	10.00
Souza Cruz OP..	2.09	+0.02	0.21	10.04
Unip PE	6.38	−0.02	0.25	3.91
ValeRioDoce PP	1.15	+0.04	0.17	14.78

Turnover Cr.47.8m. Volume 32.8m
Source: Rio de Janeiro SE.

JOHANNESBURG

MINES

January 26	Rand	+ or −
Anglo Amer. Corpn....	7.08	−0.12
East Driefontein	14.85	−0.45
Elsburg	1.91	−0.01
Harmony	7.40	+0.20
Kinross	8.70	+0.05
Kloof	12.20	−0.55
Rusnetburg Platinum .	2.75	+0.28
Southvaal	10.20	−0.20
Gold Fields SA	30.75	+0.95
Union Corpn.	6.60	+0.05
De Beers Deferred ...	8.80	−0.25
Blyvooruitzicht	6.60	−0.05
East Rand Pty.	5.95	+0.10
President Brand	19.25	−0.75
President Steyn	15.00	−0.75
Stilfontein	7.20	
Welkom	6.43	−0.02
West Driefontein	†46.50	−1.00
Western Holdings......	40.00	+0.50
Western Deep	18.25	−1.00

INDUSTRIALS

	Rand	+ or −
AECI	3.75	−0.10
Anglo-Amer. Indust....	12.60	+0.10
Barlow Rand	5.33	
CNA Investments ...	2.10	
Currie Finance	1.07	+0.02
Edgars Consold. Inv.	†3.25	−0.10
Edgars Stores	40.50	+0.50
Ever Ready SA	5.45	
Fed. Volksbeleggings .	1.90	−0.02
Greatermans Stores ...	3.40	
Huletts	2.40	
LTA	†2.45	
McCarthy Rodway ...	0.84	+0.04
NedBank	3.30	
OK Bazaars	8.55	+0.05
Premier Milling	6.30	+0.10
Pretoria Cement	[illegible]	[illegible]
Protea Holdings	[illegible]	[illegible]
Rand Mines Properties	[illegible]	[illegible]
Rembrandt Group	[illegible]	[illegible]
Retco	[illegible]	[illegible]
Sage Holdings	[illegible]	[illegible]
SAPPI	[illegible]	[illegible]
C. G. Smith Sugar ...	[illegible]	[illegible]
SA Breweries	[illegible]	[illegible]
Tiger Oats Nat. Mlg.	[illegible]	[illegible]

Securities Rand $U.S.0.65½
(Discount of 43.04%)

SWITZERLAND ●

MILAN

OSLO

PARIS

AUSTRALIA

NOTES: Overseas prices exclude $ premium. Belgian dividends are after withholding tax.

WALL STREET

NEW YORK

CANADA

INTERNATIONAL CAPITAL MARKETS

INTERNATIONAL BONDS

BY NICHOLAS COLCHESTER AND FRANCIS GHILES

Early cuckoo for dollar sector

AT THE first sign of a thaw in the dollar sector in the international bond market, two new issues — for Hudson's Bay Company and New Brunswick Electric Power — immediately appeared. A number of events last week all added up to a better climate in this sector. Short U.S. interest rates, the U.S. money supply figures, statements from senior U.S. officials and a steadier dollar were all pointing in the right direction.

In a consistent manner, the German bond market went through a week of interest rate jitters after the German bank had raised the Lombard rate and after quite lively projections for German economic growth in 1979 had been put about. The Swiss Central Bank gambled on the dollar's firmness, with initial success, by removing the ban on foreign investment in Swiss securities. The Japanese moved in the same direction by liberating foreign access to their bond markets.

All these developments pointed to a slackening in the pressures which have controlled the dollar bond market for the last four months. Over that period the volume of new dollar issues has amounted to about $200m—just over a sixth of what it was in the same period one year earlier. Yet it still seems too much to hope that some sort of turn has arrived and sceptics still greatly outnumber optimists in the market place.

The outlook for U.S. inflation and trade deficit have not undergone some magical transformation and there remains a conspicuous inconsistency between dollar bond yields, adjusted for inflation, and the real returns of some 4 per cent now available in the German domestic bond market.

Yet the decline in interest and Euro-certificates of deposit rates enhanced the attraction of shorter maturity dollar straights last week: prices of such bonds moved up by one to one and a quarter points although the market seemed overbought on Friday, and reacted with some selective selling.

Activity in the floating rate note sector remained firm with most prices up a little on the week though there was some moving out of longer-dated issues on Friday. The convertible bond market was more active, with American names firming up on the good news from the U.S.

The two new dollar issues announced on Friday are for well respected names. The amounts are small and the 10 per cent coupons the highest in the current cycle. On the face of it, these issues should meet with a friendly reception.

The $200m bond issue with warrants for Bayer was priced with indicated conditions otherwise unchanged—further proof of the drawing power of a big and unusual name.

The measures announced by the central banks of the three strong currency countries — Japan, Germany and Switzerland—had the feel of collusion about them and had a direct effect on their respective bond markets. The prices of Swiss franc bonds moved up by ½ a point across the board on Thursday and by a further ½ of a point on Friday despite the low yields these currently offer. Trading volume was markedly higher.

In Germany the prices of DM bonds, which had been falling for a week after the central bank decision to soak up intervention money, stabilised at lower levels on Thursday. Two conspicuous spreads are the talk of this market at the moment. First the spread of one percentage point between foreign bond yields and the higher yields on domestic bonds—too much, the market fears.

Second, the wide difference in terms between those bonds which have rarity value like Amexco and those for supranational agencies with which portfolios are already well stocked.

There will be a number of developments in the rather nervous DM sector today which will set the tone for the coming week. Deutsche Bank will announce a DM 150m bond for Statoil of Norway. The indicated terms will provide a clear indication of the new level at which yields must be set for an attractive name after the recent onset of doubts and fears. Statoil is an example of a bond with rarity value—it has only issued one other bond in D-Marks.

A DM 100m issue for Electrobras through Dresdner Bank is also expected today and later this week a private placement of DM 20m for the South African Oil Fund through Bayerische Landesbank.

Three Japanese convertibles were announced last week and a private placement for Eurofima. The Kansai Electric convertible was priced at par with indicated conditions otherwise unchanged.

The second pointer will be the meeting of the capital market sub-committee to decide on the issue volume of DM-denominated foreign bonds for the next few weeks. The total volume for the month just ending was just over DM 1bn. Bankers would like to see something of a cutback next month to allow the market to settle. A calendar of much over DM 800m will be regarded as stretching things a bit.

In the French franc sector of the market a new issue for the Kingdom of Norway was announced last week. The secondary market continues to look relatively healthy with record prices being recorded for some of the older issues.

CURRENT INTERNATIONAL BOND ISSUES

Borrowers	Amount m.	Maturity	Av. life years	Coupon %	Price	Lead manager	Offer yield %
U.S. DOLLARS							
†Sonatrach	50	1991	9½	7½⊕	100	Dillon Read Overseas	7.64⊕
‡Bayer Int. Finance NV	200	1989	10	7½	100	Deutsche Bank	7.25
¶¶EIB	80	1991	9.8	*	*	Nikko Securities	*
EIB	20	1991	9.8	*	*	Crédit Suisse First Boston	*
New Brunswick Elec. Power Comm. (g'teed Prov New Brunswick)	75	1994	11	10	100	Crédit Suisse First Boston	10.0
Hudson's Bay Co.	50	1994	10.99	10	*	Morgan Stanley	*
D-MARKS							
‡§Kansai Electric	150	1984	—	4	100	Dresdner Bank	4.04
‡**Oesterreichische Kontrollbank	40	1987	8	6	99½	DG Bank	6.08
‡**Austria	100	1989	7½	6½	99½	Dresdner Bank	6.28
‡Eurofima	100	1989	8	6½	100	Deutsche Bank	6.5
§**Nippon Miniature Bearing Co. Ltd.	30	1986	—	4	100	Bayerische Vereinsbank	*
§Tokyu Land	70	1986	—	4	100	BHF-Bank	*
**Euratom	88	1991	8½	6½	*	Deutsche Bank	*
§Minolta Camera Co. Ltd.	70	1989	—	4	100	WestLB	*
FRENCH FRANCS							
Norway	200	1984	5	9½	100	Société Générale	9.375
YEN							
‡**Panama	12bn	1994	11.4	7.6	99½	Yamaichi	7.77
KUWAITI DINARS							
CESP-Companhia Energetica de Sao Paulo (g'teed Brazil)	10	1987/91	—	8½	*	KFTCIC, Merrill Lynch Int., Orion	*
AUSTRALIAN DOLLARS							
‡Citicorp	15	1984/89	—	11	99½	Crédit Suisse First Boston	11.14

* Not yet priced. ‡ Final terms. ** Placement. † Floating rate note. ⊕ Minimum. § Convertible.
†† Registered with U.S. Securities and Exchange Commission. ¶ Purchase Fund.
¶¶ Registered with Japanese Ministry of Finance.
Note: Yields are calculated on AIBD basis.

U.S. BONDS

BY STEWART FLEMING

An orgy of economic optimism

THE BOND markets were questioning this week whether it would be third time lucky for Mr. G. William Miller, the chairman of the Federal Reserve Board.

In the midst of an orgy of official economic optimism from Washington—the President's budget message and his economic report to Congress—Mr. Miller predicted for the third time in the past seven months that interest rates (and inflation) would be coming down—although this time he cautiously put no time frame on the forecast.

Since Mr. Miller's two earlier predictions proved premature Wall Street is treating his latest pronouncements sceptically. Still the official optimism exuding from Washington was undoubtedly a factor behind the rally in long term bond prices which began on Friday two weeks ago and continued throughout last week. Overall long term bond prices in both the Treasury and corporate sectors have risen by as much as point and a half, equivalent to $15 for every $1,000 of face value, and the markets have once again begun to debate whether or not U.S. rates are peaking.

The genesis of the rally has been the extraordinary performance of the money supply since November of last year. The narrow M1 measure has shown no growth over this period and other measures have been sluggish and within the Fed's published target ranges.

These trends have led some analysts to conclude that the Fed's monetary policy is beginning to bite, a judgement which, if correct, has favourable implications for inflation and thus long term interest rates.

In the past four weeks, moreover short term interest rates too have fallen significantly. According to Salomon Brothers' estimates, rates on most one to six month money market instruments have fallen between 50 and 70 basis points (there are one hundred basis points in a percentage point). Three month bank certificates of deposit are now yielding 10.25 per cent compared with 10.90 four weeks ago.

Significantly the key Federal funds rate has not changed, and the Fed seems still to be aiming at an average weekly funds rate of 10 per cent, suggesting that monetary policy remains firm under the influence of anxieties about the dollar.

Several other factors have helped the bond market too. The treasury and the corporate sector are expected to make only modest demands for new funds in the current quarter, but investors have big cash balances so the technical position in the market favours a rally. Last week, too, in spite of potentially adverse developments overseas in Switzerland and Japan, the dollar firmed.

Against this background trading volume in the bond markets has picked up, and a few big investors reportedly have been putting significant amount of new money into the market.

The rationale appears to be a judgment that while short-term interest rates could rise a little further and there could be some bad inflation news early in the year, looking three to six months ahead the investment climate should be improving as the economy slows down and an improving trade balance and inflation outlook help the dollar.

In addition, it is argued that the intervening period will not see any serious deterioration in the economic climate.

Few Wall Street economists are impressed with this optimistic outlook, however.

The economy is in surprisingly robust health, a factor which casts doubt on the recent performance of the money supply as a reliable indicator of the future. The significant decline in short-term interest rates is widely attributed to seasonal factors—which Salomon Brothers points out have tended to reduce short-term interest rates in the early part of the year in seven of the past 10 years.

There is, moreover, real concern that inflation will accelerate beyond last year's 9 per cent rate this year, and more pronounced fears that the dollar will again come under heavy pressure on the foreign exchange markets in the next few months. Such a development is expected to force the Federal Reserve to take further action to tighten credit especially if the economy does not show real signs of slowing down after the heady fourth quarter's growth in GNP.

For these reasons many investors see the current bond market rally as likely to be short lived. Moreover, even the optimists suggest that at best all that can be expected is a decline in long yields of around 50 basis points, after which rates are likely to reach a plateau. A more substantial rally would require signs of a sharp decline in inflation and an imminent plunge in the level of economic activity, and there is no evidence that either is about to occur.

IRANIAN DEBT

BY JOHN EVANS

Keeping fingers crossed

AS IRAN remains trapped in a seemingly endless series of internal crises, international finance and trade links with the country are showing ominous signs of yet further strain.

The Dutch Government's export credit financing arm has declared Iran a credit risk, and suspended guarantees for all transactions. Elsewhere, Japanese banks have stopped purchasing bills for exports to Iran.

The past week or so has also seen disturbing evidence of growing delays in the servicing of Iranian foreign debt.

Figures just published show that Iran's borrowings from major international banks totalled $7.2bn at mid-1978, with some $2.96bn due in periods of up to one year.

These statistics, from the Bank for International Settlements, estimate that in turn the banks had deposits from Iran totalling $6.4bn.

On the surface, this suggests that Iran emerged last year as a net borrower for the first time in recent years. However, the liabilities total excludes the position of American banks and their foreign branches, which have clearly had a leading role in handling Iran's surplus international deposits.

With this uncertain background, the international banks, which have extended some $5bn of new Eurocurrency loans alone to Iran in the past few years are closely monitoring the day-to-day position. Through what amounts to an official liaison system, they continue to check the performance of individual loans as to principal and interest payments.

Because of the cross-default clauses contained in many Iranian loan agreements, the banks which have taken a leading role in managing the transactions must carefully watch other loans, even when their own deals are being serviced satisfactorily. These clauses stipulate that a default on one loan automatically triggers a similar state in others.

The polls initiated by Chase Manhattan Bank in recent weeks on loans outstanding to the semi-State Industrial Credit Bank of Iran — carried out among over 50 banks worldwide—thus have wide implications for the country's debt.

The two latest polls—on loans of $130m and $200m respectively to this Iranian bank—are not yet complete. On the basis of replies received so far, it looks as if participating banks are still declining to declare the Iranian institution's credits in default.

This reaffirms the position taken with an original $100m loan to the Industrial Credit Bank, which was subject to a similar poll over the year-end.

In fact, the majority of banks being polled have tended towards a carefully phrased formula. Under the "events of default" section in the loan documentation, a specific clause refers to "adverse material changes" in Iran.

Most banks have agreed that such changes have now occurred there, but have decided to take no action on the loans, at least for the time being.

Three instalments due on a $300m loan to the National Iranian Gas Company have not yet been received. Yet disruption to the Iranian banking system is still being blamed, and bankers claim that the "basic will" in Tehran to make every effort to keep current on debt is still intact.

FT INTERNATIONAL BOND SERVICE

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aga Akt. 9¼ 88	25	94½	95⅛	0	+0⅛	10.10
Australia 8.45 83	175	96⅛	96⅞	0	+1⅛	9.43
Australia 9⅜ 83	75	97⅛	98	0	+0⅛	9.83
Beatrice Foods 7⅞ 83	100	95⅛	95⅝	0	+2	9.05
CECA 8¾ 87	50	94½	95	+0⅛	+0⅞	9.66
CECA 9¾ 84-99	50	96⅝	97⅛	0	+0¼	9.70
CNT 9 93	75	95⅛	95⅝	+0⅛	+1⅛	9.66
Canada 9 83	400	98⅛	98⅞	+0⅛	+0⅞	9.58
Canada 9¼ 98	350	98½	99	+0¼	+1⅛	9.61
Canadair 8½ 83	70	96⅝	96¾	+0¼	+1⅛	9.78
Dominion Bridge 9 85	25	96½	96¾	+0⅛	+1⅛	9.74
EIB 9¼ 98	125	95½	96¼	0	+0⅛	9.82
Export Dv. Con. 8.85 84	150	101½	102	+0⅛	+1	9.62
Exportfinans 9 88	50	95⅞	96⅜	+0¼	+0⅛	9.72
Finland 8¾ 83	100	96⅝	97⅛	0	+0⅞	9.83
Finland 9 88	100	95½	96	−0⅛	+1	9.92
Hospital O/S 9 83	25	97⅝	98⅛	+0⅛	+0⅛	9.53
Ind. Finance 9¼ 90	30	95	95½	+0⅛	+1⅛	10.46
J. C. Penney 8⅛ 83	100	97⅛	97⅝	−0⅛	+2	9.21
NZ Dev. Fin. 8⅞ 83	20	95	95⅝	+0⅛	+1⅛	9.48
NZ Dev. Fin. 8¾ 85	20	94½	94⅞	0	+0⅞	9.52
Nat. West. 9 86	75	97⅛	98⅛	0	+0⅛	9.39
Newfoundland 9⅝ 90	60	97⅞	98⅜	+0⅛	+1⅛	9.51
Nord Inv. Bk. 8⅞ 88	25	95¾	96¼	+0⅛	+0⅛	9.40
Norges Komm. 9¼ 98	75	95⅛	96⅛	0	+0⅛	9.81
Norsk Hydro 9⅜ 94	90	96⅝	97⅛	+0¼	+1	9.65
Norway 7⅞ 83	250	93⅝	94⅛	+0¼	+1⅛	9.67
Norway 8¾ 83	150	97⅛	97⅝	0	+0⅞	9.67
Norway 9¾ 84	150	100⅝	101⅛	+0¼	+1⅛	9.72
Occidental 8⅞ 85	75	93⅜	93¾	0	+1	10.30
Ont. Hydro 8⅞ 85	125	95	95½	+0¼	+1⅛	9.51
Quebec Hydro 9½ 93	50	98⅞	99⅜	+0⅛	+2⅛	9.60
Sweden 9⅜ 98	125	96⅞	97⅜	0	+0⅛	9.81
UK 8½ 85	200	95½	96	+0¼	+1⅛	9.63
UK 8¾ 93	150	95⅛	96⅛	0	+0⅛	9.61

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Argentina 6½ 88	150	95½	96	+0⅛	+0⅛	7.11
Australia 6 88	250	100	100½	+0⅛	0	5.96
Austria 5½ 90	150	93⅛	93⅝	+0⅛	−0⅛	6.56
Bankamerica 5⅝ 90	150	98⅝	99⅛	+0⅛	+0⅛	5.87
Bq. Ext. Algerie 7¼ 85	100	96½	96⅞	−0⅛	−0⅛	7.90
Brazil 7⅛ 87	150	100⅛	100⅝	+0⅛	0	7.16
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS — [illegible]

YEN STRAIGHTS — [illegible]

OTHER STRAIGHTS — [illegible]

FLOATING RATE NOTES — [illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Shinpan 3⅞ DM	8/78	738	110⅝	111⅝	0	4.19
Nippon Ysn. 3½ 85 DM	1/79	257	95⅝	96⅛	0	5.53
Nissan Diesl. 3½ 86 DM	2/79	477	94⅝	95⅛	+0⅛	8.42
Olymp. Opt. 3½ 85 DM	[illegible]	703	102⅝	103⅛	−0⅛	−2.22
Ricoh 3½ 86 DM	10/78	617	102	103	−0⅛	16.31
Sanyo Electric 3½ DM	11/78	295	94¼	95¼	−0⅛	−2.26
Seiyu Strs. 3¾ 86 DM	9/78	1275	110⅞	111⅞	+0⅛	−2.99
Sharp Con. 3½ 88 DM	2/78	487	97⅛	98⅛	−0⅛	−2.67
Stanley Elec. 3½ DM	11/78	628	93	94	−0⅛	8.88
Tokyo Elec. 3½ 87 DM	4/79	476	86⅝	87⅝	−0⅛	0.77
Trio-Knwd. 3½ 86 DM	11/78	711	90⅞	91⅞	+0⅛	24.20

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BONDTRADE INDEX AND YIELD

	Medium term		Long term	
Jan. 26	95.53	8.54	89.60	9.31
Jan. 19	94.61	8.60	89.20	9.37
High '78	95.53 (25/1)		89.60 (25/1)	
Low '78	94.40 (11/1)		88.86 (11/1)	

EUROBOND TURNOVER
(nominal value in $m)

U.S. $ bonds	Cedel	Euroclear
Last week	[illegible]	1,205.1
Previous week	401.2	975.5
Other bonds		
Last week	167.9	274.4
Previous week	290.9	373.5

* No information available—previous day's price.

† Only one market maker supplied a price.

STRAIGHT BONDS: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. M = Minimum coupon. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

The list shows the 200 latest international bonds for which an adequate secondary market exists. The prices over the past week were supplied by: Bondtrade; Kredietbank NV; Credit Commercial de France; Credit Lyonnais; E. F. Hutton Services SARL; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Banque Internationale Luxembourg; Krediet Bank Luxembourg; Algemene Bank Nederland NV; Pierson, Heldring and Pierson; Credit Suisse/Swiss Credit Bank; Union Bank of Switzerland; Akroyd and Smithers; Bankers Trust International; Banque Francaise de Credit International; Citicorp International Bank; Daiwa Europe NV; Deltec Trading Company; Dillon, Read Overseas Corporation; EBC; First Chicago; Goldman Sachs International Corporation; Hambros Bank; IBJ International; Kidder Peabody International; Merrill Lynch; Morgan Stanley International; Nesbitt Thomson; Salomon Brothers International; Samuel Montagu and Co.; Scandinavian Bank; Strauss Turnbull and Co.; Sumitomo Finance International; S. G. Warburg and Co.; Wood Gundy.

Closing prices on January 26

A FINANCIAL TIMES SURVEY

INDIA

FEBRUARY 5th 1979

The Financial Times proposes to publish a major Survey on India. The survey originally scheduled for January 29 will now be published on Monday February 5. The editorial synopsis will include the following topics:

POLITICS — AGRICULTURE
THE ECONOMY — INDUSTRY
TRADE
LABOUR — POWER
FOREIGN POLICY — POPULATION
CENTRAL GOVERNMENT STATE RELATIONS
THE STATES — VILLAGE LIFE
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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

The content, size and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Gilt Int. Tst	96.9	102.0	.....	3.47
Abbey Capital	33.9	36.1	.....	4.57
Abbey Income	40.5	43.1	+0.1	6.50
Abbey Inv. Tst. Fd.	36.1	38.4	+0.1	4.73
Abbey Gen. Tst.	[illegible]	48.2xd	+0.1	[illegible]
Equitas Prog. Tst.	67.7	71.4	+0.4	4.72

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	[illegible]	71.9	+0.1	5.63
Brit. Inds. Fund	63.6	68.1	+0.3	5.73
Grth. & Inc.	36.3	38.8xd	+0.1	5.67
Elect. & Ind. Dev.	34.8	37.2	+0.1	4.84
Allied Capital	69.4	74.3	+0.4	4.87
Hambro Fund	[illegible]	114.4	+0.3	5.46
Hambro Acc. Fd.	122.5	131.1	+0.3	5.00
Income Funds				
High Yield Fd.	73.0	78.1	−0.1	8.32
High Income	67.0	71.7	+0.1	7.04
A. H. Eq. Inc.	38.7	41.4xd	+0.1	7.42
International Funds				
International	27.5	29.4xd	+0.2	2.31
Pacific Fund	46.6	49.9xd	+0.1	1.78
Secs. Of America	56.1	60.0	+0.7	1.92
Specialist Funds				
Smaller Co.'s Fd.	37.3	39.9xd	+0.1	4.76
2nd Smlr. Co's Fd.	49.4	52.9	−0.1	4.50
Recovery Sits.	97.1	103.9	+0.3	5.29
Met. Min. & C'dty.	42.9	45.9	−0.1	4.99
Overseas Earnings	58.0	62.1xd	+0.2	4.67
Exempt Funds				
Far East Exempt	49.1	51.1	+0.1	1.96
Smaller Co. Exempt	61.2	64.4	+0.1	5.05
U.S.A. Exempt	99.2	103.3	+1.0	2.13

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	52.2	56.3	...	4.94

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-623 6376

Inc. Monthly Fund	165	175	...	9.66

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY. 01-236 5281

**High Yield	47.1	50.7		11.22

...

Emson & Dudley Tst. Mngmnt. Ltd.
20, Arlington St., S.W.1. 01-499 7551

Emson Dudley Tst.	68.3	73.4	...	7.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	66.7	70.2	+0.3	4.44

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	24.5	26.3	.....	2.02
Accum. Units	29.1	31.2	.....	2.02
J. Finlay Income	34.3	36.9	.....	8.48
J. Finlay Euro.Fin.	28.1	30.2	.....	3.22
Accum. Units	33.3	35.7	.....	3.22
J. Finlay Fd.In.Tst.	28.3	30.4	.....	4.69
Accum. Units	33.0	35.4	.....	4.69

Prices on Jan. 24. Next dealing Jan. 31.

CORAL INDEX: Close 462-467

INSURANCE BASE RATES

†Property Growth .... [illegible]
†Vanbrugh Guaranteed 11.75%

†Address shown under Insurance and Property Bond Table.

INSURANCE AND PROPERTY BONDS

OFFSHORE AND OVERSEAS FUNDS

هكذا من الأصل

MOTOR CARS

WADHAM STRINGER

ROLLS-ROYCE

Official Distributors for Rolls-Royce and Bentley.

H. A. FOX
34 Dover Street, London. Tel. 01-499 8962

1978 Mar. Rolls-Royce Silver Shadow II Saloon. Silver Chalice, Blue Everflex roof, Surf Blue leather. Speedometer reading 3,500 miles.
1977 June Rolls-Royce Silver Shadow II Saloon. Caribbean Blue, Dark Blue leather. Speedometer reading 10,000 miles.
1976 Aug. Rolls-Royce Silver Shadow. Silver Chalice, Dark Blue Everflex roof, Blue leather. Speedometer reading 23,500 miles. £26,450
1976 Aug. Rolls-Royce Silver Shadow Saloon. Willow Gold, Black Everflex roof, Black leather. Speedometer reading 20,000 miles. £26,750
1974 Mar. Rolls-Royce Silver Shadow Saloon. Silver Mink over Seychelles Blue, Dark Blue leather. Speedometer reading 38,000 miles. £18,950
1973 Sep. Rolls-Royce Silver Shadow Saloon. Garnet, Black Everflex roof, Beige leather. Speedometer reading 35,500 miles. £17,950
1972 Feb. Bentley T Saloon. Silver Mink, Dark Blue leather with Draylon facings. Speedometer reading 65,000 miles. £14,950
1971 Aug. Rolls-Royce Silver Shadow. Caribbean Blue, Black Everflex roof, Dark Blue leather. Speedometer reading 62,000 miles. £14,250

GUILDFORD
Woodbridge Road, Guildford, Surrey. Tel. 69231. Tlx. 859255

1977 Jan. Rolls-Royce Silver Shadow 4-door Saloon in Le Mans Blue with Black Everflex roof, Grey hide. 22,000 miles indicated. £28,250
1977 Nov. Rolls-Royce Silver Shadow II in Chestnut with Tan hide. Maintained only by us. 16,400 miles indicated. Price on application
1974 June Rolls-Royce Silver Shadow 4-door Saloon in Shell Grey with Black Everflex roof and Light Blue hide interior. Speed control. One owner. 17,500 miles indicated. £24,225

TORQUAY
Lisburne Square, Torquay. Tel. (0803) 24321

1977 May Rolls-Royce Silver Shadow Series II finished in Honey with Beige hide upholstery, Brown Everflex roof, picnic tables. Speedometer reading 10,000 miles. All usual Rolls-Royce extras. Competitively priced
1977 Oct. Rolls-Royce Silver Shadow Series II Saloon finished in Champagne with Brown hide upholstery. Speedometer reading 4,000 miles. Competitively priced
1976 Nov. Rolls-Royce Silver Shadow Saloon finished in Dark Olive over Willow Gold with Beige hide upholstery. Speedometer reading 22,000 miles. £26,250
1975 Mar. Rolls-Royce Silver Shadow Saloon finished in Moorland Green with Red hide upholstery. Speedometer reading 32,000 miles. £23,950
1969 Bentley T Series Saloon finished in Shell Grey with Red hide upholstery. One owner from new. Speedometer reading 32,000 miles. Recently recellulosed. Full service history. A truly remarkable and magnificent motor car. £16,000

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Waterlooville (07014) 61221

Other Quality Cars

TORQUAY
Lisburne Square, Torquay. Tel. (0803) 24321

1977 Nov. Aston Martin V8 Saloon finished in Milan Brown with Beige hide upholstery. Unique 'T' registration number. One owner. Speedometer reading 14,000 miles. £17,250

SKELLYS (MERSEYSIDE) LTD
Linacre Lane, Bootle, Merseyside. Tel: 051-922-8501

New Mercury Monarch 4-door Sedan. Silver with Blue cloth trim and Silver vinyl roof. Alloy road wheels, automatic transmission, radio/stereo cassette player, tinted glass. List price

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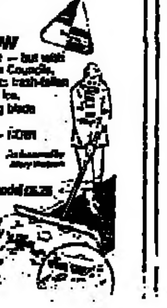

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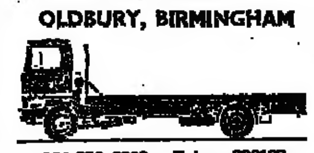

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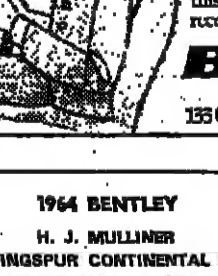

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LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

Serving the world with financial expertise.

SANWA BANK

Tokyo, Japan

MINES—Continued

AUSTRALIAN

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
Nov.	Apr.	Bougainville 50 Toea	153	14.3	†Q8c	1.4	3.3
—		BH South 50c	130	974	—	—	—
—		Central Pacific	475	—	—	—	—
Oct.	May	Conzinc Riotinto 50c	304	14.3	‡Q10c	2.2	‡
—		Cultus Pacific N.L.	27	—	—	—	—
—		Endeavour 20c	19	—	—	—	—
—		G.M. Kalgoorlie $1	77	6'67	—	—	—
—		Haoma Gold N.L.	36	—	—	—	—
September		Hamptn Areas 5p.	152xd	15.1	‡d3.55	2.0	3.5
—		Metals Ex. 50c	33	—	—	—	—
Dec.	Apr.	M.I.M. Hldgs. 50c	255	16.10	†Q9c	1.7	2.2
—		Minefields Expl.	15	—	—	—	—
—		Mount Lyell 25c	65	—	—	—	—
—		Newmetal 20c	29	—	—	—	—
June	Nov	North B. Hill 50c	124	13.11	Q8c	1.3	4.0
—		Nth. Kalgurli	14	—	—	—	—
—		Nth. West Mining	30	—	—	—	—
June	Nov.	Oakbridge $A1	127	7.4	Q12c	1.9	10.7
—		Otter N.L.	30	—	—	—	—
—		Pacific Copper	90	—	—	—	—
—		Pancont'l 25c	900	—	—	—	—
—		Paringa M&Ex.5p	18½	—	—	—	—
Apr.	Oct.	Peko-Wallsend 50c	497	19.9	Q15c	♦	1.9
—		Southern Pacific	188	—	—	—	—
Oct.	May	Westn. Mining 50c	161	4.9	Q3c	0.7	1.2
—		Whim Creek 20c	60	—	—	—	—

TINS

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
Nov.	Apr.	Amal. Nigeria	25	18.9	2.81	1.3	16.8
Apr.	Oct.	Ayer Hitam $M1	435	2.10	Q300c	0.5	14.8
Apr.	Oct.	Beralt Tin	52	11.12	4.0	♦	11.5
Jan.	July	Berjuntai $M1	260	24.7	†Q110c	1.8	9.9
Feb.	Oct.	Geevor	148	2.1	H5.57	5.8	5.6
—		Gold & Base 12½p	9	1074	—	—	—
June	Dec.	Gopeng Cons.	320	30.10	18.0	♦	8.5
—		Hongkong	300	11.12	12.5	♦	6.2
May	Nov.	Idris 10p	70	24.7	‡12.0	1.6	‡
—		Jantar 12½p	9½	4'67	—	—	—
—		Kamunting $M0.50	76	11.12	†Q12.5c	2.1	3.5
Jan.	July	Killinghall $M1	255	2.1	—	—	—
April		Malay Dredging $M1	440	27.11	Q175c	0.7	8.5
—		APahang	50	27.11	—	—	—
Mar.	Sept.	Pengkalen 10p	68	30.10	4.5	♦	10.2
June	Jan.	Petaling $M1	225	11.12	Q120c	♦	11.5
Mar.	Oct.	Saint Piran	77	2.1	†2.03	6.5	3.9
February		South Crofty 10p	55	2.1	†4.19	2.0	11.4
Jan.	July	South Kinta $M0.50	187	2.1	†sQ145c	0.6	16.7
June	Jan.	Stm Malayan $M1	368	27.11	Q190c	1.0	11.1
—		Sungei Besi $M1	240	11.12	mQ65c	5.3	5.8
—		Supreme Corp. $M1	75	974	ZQ10c	—	2.9
May	Nov.	Tanjong 15p	103	24.7	6.60	0.8	9.6
Apr.	Oct.	Tronoh $M1	245	2.10	‡Q88c	1.6	‡

COPPER

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
June	Dec.	Messina R0.50	87	12.12	—	—	—

MISCELLANEOUS

Dividends Paid		Stock	Price	Last xd	Div Net	C'vr	Y'ld Gr's
—		Barymin	68	—	—	—	—
—		Burma Mines 17½p	12	575	—	—	—
Aug.	Feb.	Cons. Murch. 10c	265	3.1	—	—	—
November		Northgate C$1	400	30.9	—	—	—
Jan.	July	R.T.Z.	258	30.10	9.5	2.8	5.5
—		Sabina Inds. C$1	45	—	—	—	—
—		Tara Expln. $1	862	—	—	—	—
October		Yukon Cons. C$1	205	15.9	Q7c	2.9	1.6

GOLDS EX-$ PREMIUM

London quotations for selected South African gold mining shares in U.S. currency excluding the investment dollar premium. These prices are available only to non-UK residents.

Feb.	Aug.	Buffels R1	$12¾	2.1	Q190c	♦	17.9
Aug.	Feb.	East Drie R1	980c	2.1	Q115c	♦	13.5
Aug.	Feb.	East Rand Prp. R1	400c	2.1	Q10c	—	—
June	Dec.	F.S. Geduld 50c	$22⅝	30.10	Q315c	2.4	16.0
June	Dec.	Pres. Brand 50c	$12⅝	30.10	Q150c	3.2	13.6
May	Nov.	St. Helena R1	$11¼	2.10	Q190c	1.4	18.6
Aug.	Feb.	Stilfontein 50c	475c	2.1	Q66c	2.3	16.0
Aug.	Feb.	Vaal Reefs 50c	$21½	7.8	Q280c	♦	15.0
Feb.	Aug.	West Drie R1	$30¾	2.1	†Q385c	1.7	14.4
June	Dec.	West Hldgs. 50c	$26¼	2.5	Q415c	1.4	18.2
Feb.	Aug.	Western Deep R2	$12⅛	7.8	Q147½c	2.4	14.0

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 33 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- ■ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♦ Regional price.
- || No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 19

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	26	......	Sheffield Brick	51	......
Ash Spinning	105	+5	Sheff. Refrshmt	78	......
Bertam	14	......	Sindall (Wm.)	120	......
Bdg'wtr. Est. 50p	320	......	IRISH		
Clover Croft	28	......			
Craig & Rose £1	615	......	Conv. 9% '80/82	£89	......
Dyson (R. A.) A	35	......	Alliance Gas	110	......
Ellis & McHdy	69	......	Arnott	370	......
Evered	27	......	Carroll (P.J.)	88	......
Fife Forge	52	......	Clondalkin	96	......
Finlay Pkg. 5p	21	......	Concrete Prods.	140xd	......
Graig Ship. £1	130	−5	Heiton (Hldgs.)	45	−5
Higsons Brew	70	......	Ins. Corp.	160	......
Holt (Jos) 25p	252	......	Irish Ropes	110	+8
I.O.M. Stm. £1	232	−3	Jacob	52	......
Pearce (C. H.)	201	+3	T.M.G.	190	......
Peel Mills	23	+½	Unidare	87	−1

OPTIONS

3-month Call Rates

Industrials		I.C.I.	20	Tube Invest.	30
A. Brew	6½	"Imps"	6	Unilever	35
A.P. Cement	18	I.C.L.	20	Utd. Drapery	7½
B.S.R.	9	Inveresk	8	Vickers	15
Babcock	11	KCA	3	Woolworths	5
Barclays Bank	25	Ladbroke	17	**Property**	
Beecham	35	Legal & Gen.	14		
Boots	15	Lex Service	7	Brit. Land	3¼
Bowaters	16	Lloyds Bank	22	Cap. Counties	4½
B.A.T.	24	"Lofs"	4	E.P.	5
British Oxygen	6	London Brick	5	Intreuropean	4
Brown (J.)	20	Lonrho	5	Land Secs.	16
Burton 'A'	12	Lucas Inds.	25	MEPC	12
Cadburys	5	Lyons (J.)	10	Peachey	8
Courtaulds	10	"Mams"	7	Samuel Props.	9
Debenhams	8	Mrks. & Spncr	10	Town & City	1¼
Distillers	15	Midland Bank	25	**Oils**	
Dunlop	7	N.E.I.	12		
Eagle Star	11	Nat. West. Bank	22	Brit. Petroleum	45
E.M.I.	14	Do. Warrants	10	Burmah Oil	5
Gen. Accident	17	P & O Dfd.	8	Charterhall	3
Gen. Electric	18	Plessey	8	Shell	28
Glaxo	40	R.H.M.	5	Ultramar	20
Grand Met.	9	Rank Org. 'A'	18	**Mines**	
G.U.S. 'A'	20	Reed Intnl.	12		
Guardian	18	Spillers	3	Charter Cons.	12
G.K.N.	22	Tesco	4	Cons. Gold	14
Hawker Sidd	20	Thorn	22	Rio T. Zinc	16
House of Fraser	12	Trust Houses	15		

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FLUID TRANSFER CONTROL AND FILTRATION ● LUBRICATION SYSTEMS ● GARAGE EQUIPMENT ● COMBUSTION ENGINEERING

FINANCIAL TIMES
Monday January 29 1979

Carter will seek Taiwan assurance

By Jurek Martin in Washington

PRESIDENT CARTER will be looking to Deng Xiaoping, the Chinese Vice-Premier, to assure Congress on the future integrity of Taiwan in Mr. Deng's historic visit to the U.S., which began here yesterday.

Mr. Deng will spend most of tomorrow on Capitol Hill, where he will find several Congressional leaders, otherwise in favour of normal Sino-American relations, concerned about the safety and security of Taiwan and the absence of any explicit commitment from Peking not to annexe the island by force.

Administration officials have repeatedly maintained that the nature of the negotiations with Peking made it impossible for the Chinese leadership to provide such assurances, but have pointed to repeated statements by Mr. Deng and others disavowing aggressive intent.

At his Press conference last Friday, Mr. Carter said that he would sign no Congressional resolution on Taiwan that he

Deng Xiaoping: Historic visit

felt ran counter to the purpose of normal relations with Peking.

The hope is that Mr. Deng's personal negotiations with the Congressional hierarchy will do the trick, much as President Sadat of Egypt did late in 1977 when he won many converts in the U.S. to the cause of a more even-handed American policy in the Middle East.

Mr. Carter and Mr. Deng will meet three times in the White House for wide-ranging talks designed to give each nation an understanding of the other's perspectives on world affairs.

In particular, the President said that the U.S. "will be encouraging the Chinese to help us with some trouble spots." He mentioned the Korean peninsula, where the Governments of North and South appear to be moving towards renewed talks on reunification, and hoped that Peking would be able to influence the regime in the North.

Mr. Carter is expected to emphasise the U.S. desire to continue with improved relations with the Soviet Union and shortly to conclude a strategic arms limitation agreement with Moscow. Asian, African and European affairs are also on the agenda.

From a practical standpoint, U.S. and Chinese officials will be discussing and may sign agreements on such bilateral issues as technological and scientific exchanges, cultural relations, consular matters and aviation.

However, it is the symbolism of Mr. Deng's visit, the first to Washington by a senior Chinese Government official since the revolution, which is captivating the Administration and the country at large. One official said at the weekend that for the first time the two countries will be dealing with each other as equals.

Thus Mr. Deng is to be feted in the capital with a state banquet, a gala concert of American performing arts, and sightseeing tours.

Chinese television will broadcast regular satellite reports of Mr. Deng's tour at home. It will be amazing if the Chinese people will be able to make out their diminutive vice-premier in the media circus that will surround him. More than 1,000 American and foreign journalists have signed up to cover him.

Council wage talks resume tomorrow

BY ALAN PIKE, LABOUR CORRESPONDENT

LOCAL AUTHORITY employers and union leaders resume pay negotiations tomorrow as manual workers prepare to step up the industrial action that is hampering many council and hospital services.

Since the local authorities offered the council workers 5 per cent, the Government has relaxed its attitude towards the lower paid and a £3.50 a week cash alternative is permitted.

That would enable council employers to improve their offer to about 7 per cent. Serious doubts must be raised, however, about whether such an offer, even with a pay comparability study, would appease the manual workers in their present mood.

Mr. Bernard Dix, assistant general secretary of the National Union of Public Employees, said that the local authority and health unions would "push up the rate of activity" in the dispute from today.

"If there is no sign of movement from the local authority employers on Tuesday we will have to start drawing up plans for a really hard squeeze."

Leaders of another council union, the General and Municipal Workers,' authorised "full strike action" yesterday, for members in a selection of local authorities throughout the country and said that members involved would be paid £10.50 a week from strike funds. The unions are seeking a £60-a-week minimum wage.

In the water service, unofficial work-to-rules and strikes affect many parts of England and Wales.

Teachers

Water workers in the GMWU has rejected a 14 per cent offer and NUPE and Transport and General Workers' Union leaders expect the same reaction from their water-service members this week.

The Government was reminded at the weekend of another impending public-sector pay battle when the National Union of Teachers executive decided to seek increases of 35 per cent.

The union estimates that that is the increase necessary to restore the value of the 1974 Houghton award, which compared teachers' salaries with non-manual pay elsewhere.

Mr. Fred Jarvis, the union's general secretary, said that Houghton gave the teaching profession a ready-made comparability case.

"The years of incomes policy and the fact that teachers have no fringe or productivity extras have led to the present sorry state of teachers' pay. The Government's own statistics show that its present rigid pay policies are totally inadequate to deal with our real problems."

● The Bishop of Liverpool, the Rt. Rev. David Sheppard, and the Roman Catholic Archbishop, the Most. Rev. Derek Worlock, issued a joint statement yesterday saying that they had "much sympathy" with the claims of lower-paid public workers.

Everyone who had broken through the hedge of the Government's guidelines was as responsible as those on the picket lines for the distress and damage that the disputes were causing.

A non-militant on the picket line, Page 5

Rodgers suggests freeze on pay and prices

BY ELINOR GOODMAN AND CHRISTIAN TYLER

THE DEBATE among Ministers as to what kind of pay policy can save the Government from electoral defeat surfaced yesterday when Mr. William Rodgers, the Transport Secretary, floated the idea of a temporary pay and prices freeze.

His speech—which was not cleared by the Prime Minister—came on the eve of crucial talks between Government and the TUC over how to repair their "special relationship" in time for a General Election that could be forced on Mr. Callaghan as early as March.

The Prime Minister is expected to warn the general council of the TUC in Downing Street this afternoon that he could be in trouble in a matter of weeks and that unless the two arms of the Labour movement can come to some new agreement Labour will have no chance of winning an election.

Mr. Rodgers, who believes that te Government has not taken a tough enough line, during the road haulage dispute, said that even now there was a "respectable case" for a pay and prices freze. It had worker before, and would permit of "a pause in which to restore order and think again."

As is was, free collective bargaining had become a "dirty word" and was undermining those very freedoms it was meant to sustain.

Though other Ministers, notably Mrs. Shirley Williams, believe that a pay and prices freeze might, in the absence of any agreement with the unions, be preferable to swingeing cuts in public expenditure, the general feeling of Mr. Rodgers' Cabinet colleagues yesterday seemed to be that he had spoken out of turn.

His speech was seen more as a mark of political ambition than political realism.

The worry was that it might encourage Ministers on the Left of the party to call publicly for their own particular remedies at a time when the need to create the impression of a united Cabinet is even more important than usual.

Ministers are worried that they may be forced into an early election because they will no longer be able to count on the support of the nationalists after March 1. For this reason, early agreement with the TUC is seen as crucial.

But the TUC is committed to opposing any formal pay policy by the vote at Congress last September.

Union leaders are likely to warn Mr. Callaghan that unless he is ready to recognise that free collective bargaining has returned, and to permit wage settlements at the going rate for public sector workers, electorally damaging confrontations can only continue.

Apart from discussing pay, the TUC may be invited to put a voluntary curb on so-called secondary picketing. That issue brought to the fore by the lorry drivers, will be aired by a TUC sub-committee earlier in the day.

Fundamental disagreement with the Government about the present incomes policy looks incapable of early resolution.

The Government has declared that it will not budge. It has committed itself to setting specific pay limits in order to maintain single-figure inflation, and believes that worse electoral retribution would follow if it dropped that commitment at the union's behest.

BNOC buys share in Beatrice

BY KEVIN DONE, ENERGY CORRESPONDENT

THE BRITISH National Oil Corporation is to add to its growing equity interests in the North Sea by buying a share in the Beatrice Field from Hunt Oil of the U.S.

The deal, likely to be announced this week, involves the sale of half of Hunt Oil's 20 per cent share in the field.

The consortium of companies developing Beatrice has been unsettled for many months, and further changes of interest could follow later this year, involving the shares held by Creslenn, of the U.S., and P & O.

Under its purchase of 10 per cent of the Beatrice Field, BNOC is expected to pick up its full share of the capital costs of developing the field. Hunt will reserve a right to part of the profits arising from BNOC's interest.

The Beatrice Field in block 11/30 is the oilfield nearest the coast to be discovered in the North Sea area. It is located in the Moray Firth about 12 miles from the Scottish coast.

The total cost of developing the field is expected to be in the region of £300m. The Beatrice reservoir has estimated recoverable reserves of about 160m barrels of a high wax crude oil. Production through a pipeline to the Cromarty Firth is expected to begin in summer, 1981.

BNOC already as equity interests in five other North Sea oilfields—Thistle, Ninian, Dunlin, Murchison and Statfjord. The shares in the Thistle and Ninian Fields were bought for £193m from Burmah Oil, while the other interests were transferred from the National Coal Board, when the State oil company was set up about three years ago.

By the end of last year BNOC was disposing of more than 175,000 barrels of crude oil a day through equity, purchase and participation interests.

As part of a further shake-up of Beatrice Field interests, Creslenn, which holds a 15 per cent share, is thought to be in negotiation with a UK oil company over the sale of part or all of this stake.

Several months ago Charterhouse Petroleum tried to buy Creslenn's interest, but the offer was turned down. Since then Creslenn has worked closely with a U.S. partner, Kerr McGee, in the field. It is understood that Kerr McGee has been voting Creslenn's share in the Beatrice Field operating committee while carrying its financial interests. Any hope of a long-term deal between the companies appears to have fallen through, however.

It is understood that a more dramatic change of interests was close last year when Gulf, the major U.S. oil company, negotiated to take over the 25 per cent interest held by Mesa — the field operator. It is thought that the deal had the approval of the Department of Energy, but it was finally vetoed by the parent board of one of the U.S. companies.

Mesa is now negotiating its own finance for the field development, which is expected to involve a $125m loan arranged through a consortium of banks led by Continental Illinois.

Doubts over P & O's share in the Beatrice Field have arisen from the financial problems which are confronting the shipping group. Its pre-tax profits in the first half of last year fell to £1.12m compared with £26.9m in the first half of

It is now having to meet increasing development costs in the Beatrice project, but it has yet to decide on a method for financing its 15 per cent interest.

30 die as Tehran riots flare

BY OUR FOREIGN STAFF

TEHRAN WAS shaken yesterday by some of the worst violence since the start of the revolution against the Shah a year ago. More than 30 people died and over 200 were injured near the city's university, when troops opened fire on anti-Government demonstrators.

The rioting in the city seemed likely to wreck any hopes Dr. Shahpour Bakhtiar, the Prime Minister, has of reaching agreement with the Government's main religious opponent, Ayatollah Ruhollah Khomeini. The French Foreign Ministry said last night that Dr. Bakhtiar was expected in Paris this morning, but the Ayatollah said at his temporary residence outside Paris that he would refuse to meet the Prime Minister unless he resigned.

At his house, the Ayatollah said: "I will not meet the illegal man. I have said repeatedly that the deposed Shah was illegal, the Parliament was illegal, and the Bakhtiar Government was illegal."

The Ayatollah, who plans to set up an Islamic Republic in Iran, said he planned to return to his homeland as soon as possible. But Air France, from which he has chartered an aircraft, said it had suspended all flights to Iran until further notice because the Iranian Government had closed the airports.

Meanwhile, the Shah continued his "holiday" in Morocco, although a Cairo newspaper reported that he would return to Egypt and live with his family and entourage in the Kubbeh Palace

In Tehran, yesterday's demonstrations started peacefully. Led by Mullahs, or Moslem priests, tens of thousands of demonstrators gathered in 24th Esfand Square.

The mood then turned angry as the demonstrators built barricades. There were shouts of "death to Bakhtiar" and rocks were hurled at the military police headquarters. Then troops ran out of the building and opened fire.

Ministers to debate new aid for Kirkby

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

MINISTERS will consider later this week whether to allow the loss-making Kirkby Manufacturing and Engineering workers' co-operative to close following a report by industrial advisors that it should not be granted Government financial aid of up to £6m.

This will pose a potentially serious political problem for the Government because the co-operative has wide-spread backing among Left-wing Labour MPs and constituency parties. The decision to allow the co-operative to go into receivership would spark off a major row within the Labour Party at a sensitive time.

The advice against awarding fresh aid has been given by the Department of Industry's independent Industrial Development Advisory Board. It has rejected a claim for £2m immediate aid followed by up to £4m in grants and loans which would be partly spent on modernising the Merseyside co-operative central heating radiator production.

The Board has, however, been over-ruled by Ministers on at least two earlier occasions over giving aid to the co-operative. Some members of the Government's main Ministerial committee on Industry will favour over-ruling it again and giving the co-operative a further limited amount of aid when they meet later this week under the chairmanship of Mr. Eric Varley, Industry Secretary.

Other Ministers will argue that the £2m the co-operative needs to sort out its immediate problems and to fund redundancies is too much for the Government to gamble.

As a result, the issue might be passed to the Prime Minister or even to a full Cabinet for a final decision.

Supporters of the co-operative argue that it ought to be given a last chance to prove its viability because its latest claim for cash includes an admission that some 200 of the 720 workforce should be made redundant.

Dover sets records

THE NUMBER of passengers travelling through Dover has almost doubled over the past ten years and reached a record

Britain's busiest passenger port had to cope with nearly 1.3m vehicles last year. This figure compared with just over 750,000 vehicles in 1969, and represents an increase of 1,500 cars per day, another record, according to the harbour board.

THE LEX COLUMN

Volvo puts on a brave face

Volvo is planning to press ahead full blast on all fronts despite the breakdown of its proposed agreement with Norway. According to a senior executive over the weekend, last week's setback is not going to make the Swedish car group modify its model development programme in any way.

Two-fifths of Volvo's shareholders have voted against the deal, which would have brought the group SKr 750m (£86m) of new equity in return for its making significant new investments in Norway. For many managements, that would have represented a crushing defeat. Volvo's immediate response, by contrast, has been to tell its shareholders that they are going to be called on for substantial new funds within the next few weeks.

Available funds

That is not because the group faces any immediate financial pressures. On the contrary, it has gross cash balances of SKr 2.3bn, and unused facilities of well over SKr 5bn around the world. After a number of years in which its spending outstripped cash flow by a wide margin, group borrowings fell during 1978 thanks to considerable improvements in working capital efficiency plus high profits. And although shareholders' funds represent under 25 per cent of total capital employed according to the way the Swedes do their sums, international bankers would probably take a more relaxed view of Volvo's untaxed reserves and put the figure at 35 per cent or more.

The management wants new equity for two reasons. It is ambitious to continue the expansionary policy which it has followed—with mixed success—over the past decade. And despite a marked profits recovery in 1978, it is still a long way short of earning adequate returns on large parts of its business.

The preliminary figures, published on Friday, showed a pre-tax rise from Skr 465m to Skr 675m. This is before deducting unrealised exchange losses, but after crediting a Skr 199m contribution by the Dutch Government to the troubled car business in Holland, which had a similar credit in 1977. A significant part of the upturn stemmed from car production in Sweden, where as a result of higher volume, improved productivity and the 1977 devaluations, the 240/260 models have returned to a reasonable level of profitability. But although detailed breakdowns are not yet available, it is a fair bet that margins on the car business as a whole—which makes up half the group's turnover—are still very low indeed. In addition, Volvo has probably made sizeable losses on construction equipment, farm and forest machinery (Volvo BM), while marine engines (Volvo Penta) have also done badly (partly due to once-off reorganisation costs).

The likelihood is that the great bulk of group profits has again come from aircraft engine (Volvo Flygmotor), buses, and above all from trucks, where substantial investment at the heavy end of the market is still paying off handsomely. Taken together, these three products account for only about a third of group sales.

How can Volvo make more profits from cars? Losses on the Dutch operation are likely to be about unchanged this year, before crediting a (reduced) government grant, and although Volvo is confident that it has now got the product right, it still seems to be years away from getting the volume it needs to make a proper return. In Sweden, a healthy rise in output is expected over the next few years, but the impact on the bottom line will be blunted by a much increased investment in product development—none of which will be capitalised. The Norwegian agreement gave no hint of the numbers. Instead, it stated that the development of a single basic model would be "insufficient for good profitability," and that in order to secure the necessary number of model versions, investment would have to take on "a new dimension."

Volvo says that the logic of this is unchanged by last Friday's news. Hence the rights issue, which could amount to something like SKr 400m. That would be an enormous mouthful for a group which is capitalised at about SKr 1½bn, and also for a capital market of Sweden's limited size. Volvo's previous issue was less than half this size and even then it took some swallowing.

Mixed package

However, the issue will not consist just of ordinary shares. Convertible subordinated loan will probably form part of the package; preferred stock is also a possibility, as well as shares with index-linked dividends which shareholders will accept "with pleasure."

Such an offering could well have the same impact on the balance-sheet as the Norwegian deal. The immediate increase in equity would be smaller, but Volvo is no longer faced with the obligation to create new jobs in Norway. And it will retain its access to the spare cash flow of the military aircraft engine business, which is highly profitable and which was to have been split away from the car side under the Norwegian agreement.

With that under its belt, Volvo's financial position would be comfortably secured into the 1980s. But the big question for the next few weeks is going to be whether shareholders will co-operate with the present management. Having rejected their board's considered strategy in this way, will they now be prepared to let it buy this amount of time?

Weather

UK TODAY

WINTRY SHOWERS, prolonged in places, maximum temperature 4C (39F).

London, SE England, E. Anglia

Sleet or snow at first, becoming brighter.

E., N.E., Cent. N. England, Borders, Edinburgh, Dundee, Aberdeen, Glasgow, Cent. Highlands, Moray Firth, N.E., N.W. Scotland, Argyll, Orkney, Shetland

Occasional sleet or snow.

Rest of UK

Wintry showers, heavy and prolonged at times.

Outlook: Wintry showers in places at first, becoming less cold.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amsdm	Fg	−6	21	Luxmbg.	C	0	32
Athens	C	16	61	Madrid	R	6	43
Bahrain	S	18	64	M'chstr.	C	0	32
Barclna.	F	14	57	Melbne.	S	26	79
Beirut	S	19	66	Milan	R	2	36
Belfast	S	2	36	Mntreal.	R	4	40
Belgrd.	C	12	54	Moscow	Sn	0	32
Berlin	C	0	32	Munich	R	2	36
Bmghm.	C	−3	27	Nwcstl.	C	−3	27
Bristol	C	1	34	N. York	C	5	41
Brussels	Fg	−4	25	Oslo	F	−10	14
B. Aires	S	23	73	Paris	S	0	32
Cairo	S	22	72	Perth	S	30	86
Cardiff	C	1	34	Prague	Fg	0	32
Chicago	C	−1	30	Reykjvk.	S	−8	18
Cologne	C	−1	30	Rio J'o	S	30	86
Cpnhgn.	C	−2	28	Rome	C	16	61
Dublin	S	4	39	Singapr.	S	29	85
Ednbgh.	C	0	32	Stckhm.	F	−12	10
Frankft.	C	1	34	Strasbg.	C	2	36
Geneva	R	4	39	Sydney	S	23	73
Glasgow	Sn	0	32	Tel Aviv	S	18	64
Helsinki	S	−14	7	Tokyo	C	5	42
H. Kong	S	21	71	Toronto	C	0	32
Jo'burg	C	26	80	Vienna	C	6	43
Lisbon	F	11	52	Warsaw	C	0	32
London	C	3	37	Zurich	C	1	34

HOLIDAY RESORTS

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	16	61	Jersey	S	5	41
Algiers	R	20	68	L. Plms.	F	19	66
Biarritz	C	7	45	Locarno	R	2	36
Blackpl.	C	−1	30	Majorca	C	17	[illegible]
Bordx.	S	7	45	Malaga	S	15	59
Boulgn.	S	0	32	Malta	S	20	68
Cas'b'ca	C	15	59	Nairobi	S	23	73
Cape T.	S	23	73	Naples	C	17	63
Corfu	C	16	61	Nice	C	12	54
Dbrvnk.	C	13	55	Nicosia	S	18	64
Faro	E	14	57	Oporto	F	9	48
Florence	C	17	63	Rhodes	C	17	63
Funchal	S	15	59	Salzbrg.	R	2	36
Gibrltr.	F	14	57	Tangier	C	14	57
G'msey	F	6	43	Tenerife	F	13	55
Innsbrk.	R	3	37	Tunis	C	24	75
Invrnss.	C	1	34	Valencia	C	17	63
I.o.Man	C	4	39	Venice	C	9	48
Istanbul	F	15	59				

S—Sunny. F—Fair. C—Cloudy. R—Rain. Sn—Snow. Fg—Fog.

THIS NOTICE DOES NOT CONSTITUTE AN OFFER FOR SALE

PARTICULARS OF AN ISSUE OF £400,000,000

VARIABLE RATE TREASURY STOCK 1983

INTEREST PAYABLE HALF-YEARLY ON 24th MAY AND 24th NOVEMBER

1. This Stock is an investment falling within Part II of the First Schedule to the Trustee Investments Act 1961, as amended. Application has been made to the Council of The Stock Exchange for the Stock to be admitted to the Official List.

2. The whole of the Stock will be issued to the Bank of England on 26th January 1979.

3. The principal of and interest on the Stock will be a charge on the National Loans Fund, with recourse to the Consolidated Fund of the United Kingdom.

4. Subject to the provisions of paragraphs 11 to 13 of this notice, the Stock will be repaid at par on 24th May 1983.

5. The Stock will be registered at the Bank of England or at the Bank of Ireland, Belfast, and will be transferable, in multiples of one new penny, by instrument in writing in accordance with the Stock Transfer Act 1963. Transfers will be free of stamp duty.

INTEREST

6. Interest will be payable half-yearly on 24th May and 24th November. Income tax will be deducted from payments of more than £5 per annum. Interest warrants will be transmitted by post.

7. The rate of interest will be variable. Each half-yearly payment will be at a rate per £100 of Stock equal to half of the sum of an indicator rate and a fixed margin of ½. The indicator rate will be the daily average over a reference period of Treasury Bill Rate the calculation and period of effectiveness of which is described in the Annex.

8. The reference period for the calculation of the indicator rate for each interest payment except the first will be from the ex-dividend date for the preceding interest payment up to the relative ex-dividend date. The ex-dividend date is the last day on which transfers can be lodged at the Bank of England for registration entitling the new holders to receive the next interest payment.

9. The first interest payment will be made on 24th May 1979 at the rate per £100 of Stock of 118/365ths of the sum of the indicator rate and the margin. The reference period for this payment will be the 81 days from 26th January 1979 to 17th April 1979, the first ex-dividend date.

10. The rate for each interest payment, expressed as a percentage in pounds sterling to two places of decimals rounded, will be announced by the Bank of England on the business day immediately preceding the relative ex-dividend date.

CONVERSION TO FIXED RATE AND OPTIONAL REDEMPTION

11. If there should be a change in the arrangements for or relating to the issue of Treasury bills which in the opinion of the Bank of England would or could be detrimental to the interests of stockholders, the rate of interest will cease to be variable and will become fixed. Her Majesty's Treasury shall publish not later than five business days after the change, a notice in the London Gazette specifying the date on which the change is deemed to have taken place. The fixed rate will take effect from the date of the change and will be the sum of the margin and an indicator rate, for the calculation of which the reference period will be from the ex-dividend date for the preceding interest payment up to the date of the change.

12. In the event of such a change, stockholders will have the right to require Her Majesty's Treasury to redeem their Stock at par and a notice setting out the administrative arrangements will be sent to stockholders by the Bank of England at the appropriate time. Where stockholders exercise this right repayment will be effected within three months from the date of publication of the notice in the London Gazette, and any interest which has accrued will be payable at the same time.

13. If stockholders together holding 80 per cent or more in nominal value of the Stock outstanding require Her Majesty's Treasury to redeem their Stock, Her Majesty's Treasury will have the right to redeem the remaining Stock at par within six months of the date on which the fixed rate took effect subject to their giving notice of their intention in the London Gazette.

GENERAL

14. Copies of this notice may be obtained at the Bank of England, New Issues, Watling Street, London, EC4M 9AA, or at any of the branches of the Bank of England; at the Bank of Ireland, P.O. Box 13, Donegall Place, Belfast, BT1 5BX; at Mullens & Co., 15 Moorgate, London EC2R 6AN; or at any office of The Stock Exchange in the United Kingdom.

BANK OF ENGLAND
LONDON

26th January 1979.

ANNEX

CALCULATION OF TREASURY BILL RATE

Treasury bills are negotiable obligations of Her Majesty's Treasury, are charged on the National Loans Fund and are issued under the Treasury Bills Act 1877 and the National Loans Act 1968. They are offered for sale by tender by the Bank of England in accordance with the Treasury Bill Regulations 1968.

Under present practice, tenders are received at the Bank of England for 91-day Treasury bills on the last business day of each week, for bills to be issued in the following week. Tenders must be made by or through a London Banker, Discount House or Broker. Tenders are expressed as a price per £100 nominal value of bills and are accepted in descending order of price (i.e. ascending order of discount) until the total of tenders which are to be accepted in whole or in part is equal to or exceeds the amount of bills to be allotted. If the total of tenders at the lowest accepted price exceeds the remaining amount of bills to be allotted, allotments at that price are made pro rata to such tenders.

91-day Treasury bills are due and payable in full at the Bank of England 91 days after issue, except that, if the due date is not a business day (e.g. a Bank Holiday), they are payable on the first business day thereafter.

Treasury Bill Rate is the average rate of discount on 91-day Treasury bills allotted pursuant to tenders, weighted by the nominal value of bills allotted at each price and expressed as an annual percentage rate of discount calculated to four places of decimals rounded. If allotments are made of bills payable more than 91 days after issue (i.e. because the 91st day after issue will not be a business day), the discount on such bills is converted, for the purpose of calculating Treasury Bill Rate, to a discount for 91 days by dividing it by the number of days to the date on which the bills are payable and multiplying by 91.

Treasury Bill Rate is announced by the Bank of England on the afternoon on which allotments of Treasury bills pursuant to tenders are made. The Rate so announced takes effect on the next business day.

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Pakistan ship order

a bad risk by the Government's Export Credits Guarantee Department, this appeared to rule out any immediate possibility of an order.

The latest proposal involves financing the ships with overseas aid, but in order to reduce the amount drawn from that source the contract price would be reduced by up to 30 per cent with cash from the Government's £85m Shipbuilding Intervention Fund.

A similar package was constructed last year to finance another "give-away deal," worth over £50m, for ships for India. That contract was criticised by British shipowners on the ground that the Government was giving ships to their direct competitors.

The Commission is expected to answer the application within the next month. Even if it agrees, it is not certain that a contract will be signed.

Mr. Gokal was recently reported from Pakistan as saying that his country's national shipping line would be purchasing 19 new ships, only one of them from Britain.

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South-west drivers

the union's cash claim.

The union says that about 50 companies have indicated that they will meet the full claim, though the employers say "only a handful" are prepared to do so. Until now Scottish strike leaders have not been prepared to negotiate with companies individually.

Mr. Douglas Fairburn, TGWU divisional officer in the West Midlands, predicted that every major haulier in the region would have met the cash claim in full within the next seven days. The local Road Haulage Association, however, says that employers have voted overwhelmingly to stand firm against the £65.

Chairmen of all the association's regional negotiating committees will review the position at a meeting in London today.

Several Labour MPs said last night that they would demand legislation to close any loopholes opened by Friday's High Court decision that a shop steward organising secondary picketing outside a United Biscuits supplier company was acting unlawfully.

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